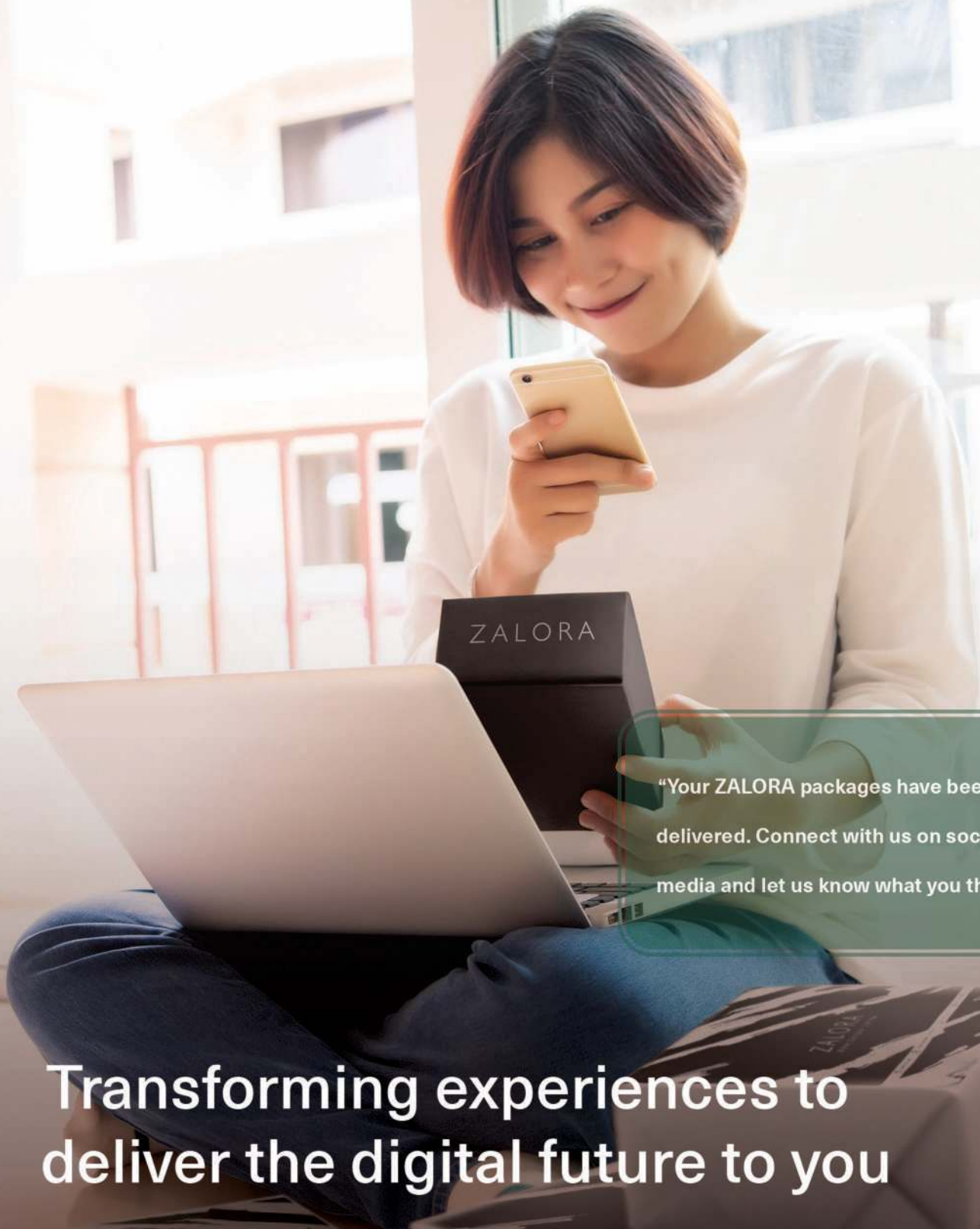




2019 Integrated Report



"Your ZALORA packages have been delivered. Connect with us on social media and let us know what you think."

**Transforming experiences to
deliver the digital future to you**



ABOUT THE COVER

Today, more than ever, Ayala is committed to innovation. Our investments in the digital economy are moving into the mainstream as consumer preferences shift to technology-enabled services. Informed by insight and deep analytics, our data-driven strategy has helped us respond to the disruption confronting parts of our business. Aggressive competition, changing business models, evolving customer expectations, and climate issues are transforming industries at an accelerated pace. As the Ayala group undergoes a digital transformation journey, we aim to continue to deliver value to our stakeholders as we strive to remain as a catalyst for progressive growth in the Philippines. We hope to walk alongside you as we continue to navigate this path to an exciting future.

ABOUT THIS INTEGRATED REPORT

The 2019 Ayala Integrated Report (IR) offers a holistic view of our businesses and how our performance and the values we have created for our stakeholders give a meaningful impact to the economy, environment, and society. It shows our strong focus on and commitment to sustainability.

In this report we mark milestones in our UN Sustainable Development Goals (SDGs) targets guided by the Ayala Sustainability Blueprint: Bridging the Filipino to 2030, highlighting the role of bold leadership and shared vision in achieving our 2019 results. Moreover, we reviewed and reconfigured our Sustainability Reporting Framework considering ESG material topics with more depth.

REPORTING SCOPE

This report details the consolidated financial, economic, environmental, social, and governance performance across our business units from January 1 to December 31, 2019. Notes and further explanations accompany the text and tables. Included are disclosures on business expansion from our unlisted subsidiaries and affiliates.

Additional references for specific stakeholders are available at www.ayala.com.ph.

REPORTING STANDARDS

In our commitment to align our non-financial information report to global best practices, this report was guided by principles and content elements of the Integrated Reporting <IR> Framework provided by the International Integrated Reporting Council (IIRC). The report on our performance on material topics and disclosures are framed according to the United Nations Global Compact (UNGC) 10 principles, Sustainability Accounting Standards Board (SASB), and Global Reporting Initiatives (GRI) Standards. The World Business Council for Sustainable Development (WBCSD) programs for business transformation helped highlight our target for specific UN Sustainable Development Goals and underscore the interconnectedness of our disclosures.

For more details about the various frameworks referred to, check www.integratedreporting.org, www.globalreporting.org, www.sasb.org, www.unglobalcompact.org, www.fsb-tcfd.org and www.wbcsd.org.



The TCFD disclosure of Ayala Corporation can be found on pages 75-78.

The opening spread for this IR's Value Creation chapter is a map that shows the correlation among all factors involved in the process of creating shared value.

With the intention to assess how we have influenced movements in the country's economic and social landscape and of optimizing opportunities, we evaluated data culled from a rigorous collection process.

This report is a company-wide, group-wide effort brought about by the collaboration of different departments and business units across Ayala. Our Investor Relations team, Risk Management & Sustainability team, and Management reviewed all information in this report and was duly approved by the Board of Directors for publishing.

OUR APPROACH TO EXTERNAL ASSURANCE

Our Board's Audit Committee is mandated to review and approve the audit, audit-related, and non-audit services from external auditors. It provides oversight on the performance of external and internal auditors.

ON OUR FINANCIAL STATEMENTS

SyCip Gorres Velayo & Co., a member firm of Ernst & Young International Ltd, is the external auditor of the company's financial statements, with Lucy Lim Chan as the partner-in-charge. In accordance with Securities and Exchange Commission (SEC) regulations, the audit partner principally handling the company's account is rotated every five years.

More information about our audit process is found on pages 197-199. For Management Discussion and Analysis of Financial Condition and Results of Operation, go to pages 217-222.

ON OUR SUSTAINABILITY PERFORMANCE

DNV-GL, an independent organization and global provider of certification, assurance assessment, and training services, validated the figures and information related to our sustainability performance and <IR> Framework. The group-wide assurance process was done in two phases, which included site visits and interviews with executives from the Ayala group. Due to COVID-19 concerns, the second phase of the assessment was done remotely.

The full Independent Assurance Statement is on pages 223-226.

FEEDBACK

We welcome feedback and inquiries to help us improve our future reporting.

You may e-mail your feedback and comments to: investorrelations@ayala.com.ph, sustainability@ayala.com.ph, and esg@ayala.com.ph.

A copy of our financial statements can be accessed at www.ayala.com.ph.

NOTE ON FORWARD-LOOKING STATEMENTS

This report contains statements describing the company's objectives, projections, estimates, and expectations, which may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand or supply and price conditions in the domestic and overseas markets in which the company operates, changes in government regulations, tax laws, and other statutes and incidental factors.

STATEMENT FROM THE BOARD

The Board ensures that this report maintains integrity and confirms that all performance and impact disclosures made are presented fairly. Together with the Ayala management, the Board gave high-level supervision to the internal teams responsible for the reporting process and production. The internal parties with relevant skills and experience devoted significant efforts in the reporting process to guarantee that it duly follows particular standards and that the Ayala story is presented in a fair manner. Ayala also engaged external parties, SyCip Gorres Velayo & Co. and DNV-GL, to validate and assure financial and non-financial disclosures to improve accuracy, objectivity, and overall report quality. The report was prepared under the supervision of the Chief Finance, Risk, and Sustainability Officer, Jose Teodoro K. Limcaoco.

The Integrated Report contains certain forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond Ayala's control. In addition, regulations of the Philippine Stock Exchange prohibit making price sensitive forecasts without considerable independent review and process. The directors therefore advise readers to use caution regarding interpreting any forward-looking statements in the report.

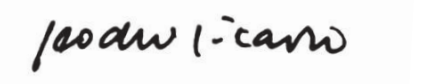
The Board unanimously approved this report on 12 March 2020, and authorized its release on 14 April 2020.



Jaime Augusto Zobel de Ayala
Chairman & CEO



Fernando Zobel de Ayala
President & COO



Jose Teodoro K. Limcaoco
Chief Finance, Risk & Sustainability Officer

TABLE OF CONTENTS

1	About this Integrated Report
4	Statement from the Board
7	Ayala At A Glance
9	Our 2019 Milestones
11	Geographic Presence
13	Our Portfolio

	OUR LEADERSHIP
21	Message from the Chairman
25	Message from the President
31	Board of Directors
43	Management Committee

	OUR VALUE CREATION
47	Creating Shared Value Map
55	Our Strategy
61	Business Model, Outlook, the Vision Pillars
67	Risk Management
79	Stakeholder Engagement
87	Materiality
89	Sharper Focus on ESG
105	The Ayala Sustainability Blueprint

	BUSINESS REVIEWS
127	Ayala Land
133	Bank of the Philippine Islands
139	Globe Telecom
145	AC Energy
151	Manila Water
157	AC Industrials
163	AC Infrastructure
169	AC Health
175	iPeople
181	AC Ventures
187	Ayala Foundation

193	OUR CORPORATE GOVERNANCE
213	AWARDS AND RECOGNITIONS
215	ANNEXES

OUR VISION

We will be the most relevant, innovative, and enduring Philippine-based business group, enabling shared value and prosperity for the many stakeholders we serve.

OUR MISSION

Anchored on values of integrity, long-term vision, empowering leadership, and with a strong commitment to national development, Ayala fulfills its mission to ensure long-term profitability and value creation. Ayala creates synergies as it builds mutually-beneficial partnerships and alliances with those who share its philosophies and values.

OUR PURPOSE

To improve lives through resilient businesses and risk-calculated investments that have a meaningful and lasting impact on the country's economic and social landscape.

OUR CORE VALUES

Integrity

We do the right thing in every decision that we make.

Long-term Vision

We build sustainable businesses.

Empowering leadership

We bring out the best in each other as leaders at any level.

Commitment to National Development

We respond to the country's changing needs.

OUR PROMISE

Reinventing Businesses,
Transforming Communities



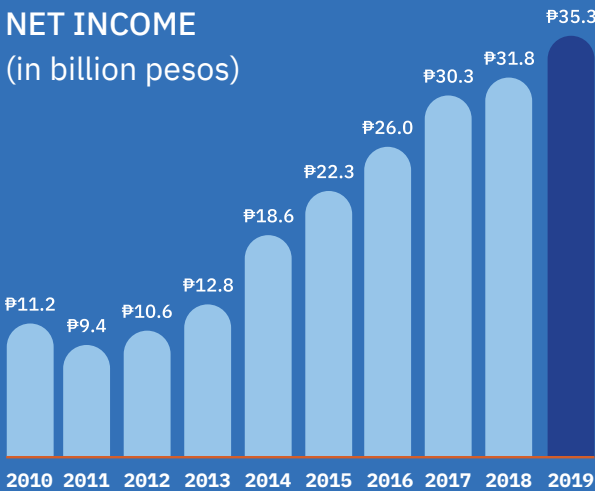
A view of the Makati skyline by night.

AYALA AT A GLANCE

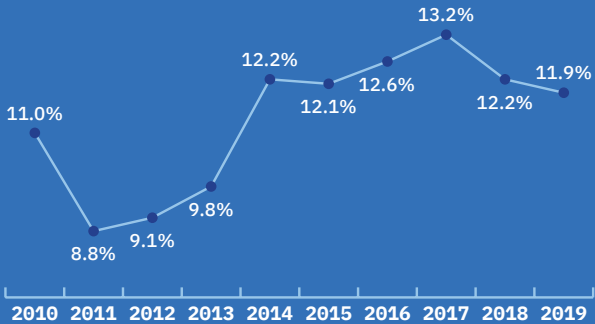
“History has shown Ayala’s resilience across multiple business cycles over the 186 years that we have been in operation. This ability to deal with adversity has been built on our fundamental strengths of adhering to the highest standards of corporate governance, always looking to develop value over the long term, remaining flexible to adjust to changing circumstances, and constantly aligning our business objectives with the broader development needs of the country. These fundamental values have stood us in good stead through the years, defined Ayala as a successful multi-business group, and ensured our continuity and relevance throughout the years.”

- Jaime Augusto Zobel de Ayala, Chairman and CEO

NET INCOME
(in billion pesos)



RETURN ON COMMON EQUITY



15.8%

10-YEAR
NET INCOME CAGR

₱1.47

TRILLION IN 10-YEAR
GROUP-WIDE CAPEX

₱1.34

TRILLION IN
TOTAL ASSETS

₱57.59

BILLION EMPLOYEE
WAGE AND BENEFITS

60

TOTAL TRAINING HOURS
PER PERSON

11.3%

10-YEAR AVERAGE RETURN
ON COMMON EQUITY

₱420.8

BILLION IN 10-YEAR TAXES
PAID BY THE AYALA GROUP

₱93.4

BILLION IN CASH
AND CASH EQUIVALENTS

6.5%

LOAN TO VALUE RATIO

1,758

GIGAWATT HOURS OF
ATTRIBUTABLE RENEWABLE
ENERGY GENERATED

12.9%

10-YEAR TOTAL
SHAREHOLDER RETURN CAGR

₱205.9

BILLION IN 10-YEAR
PARENT CAPEX SPENT

₱295.3

BILLION IN REVENUES

₱54.12

EARNINGS PER SHARE

72,013

TOTAL DIRECT HIRES

OUR 2019 MILESTONES

JANUARY

- Manila Water receives the Notice to Proceed from the Municipality of Manaoag in Pangasinan for the provision of water supply operation and septage management in the municipality.
- AC Energy launches US\$410 million in Green Bond, the first Climate Bond Initiative-certified, publicly listed US Dollar green bonds in Southeast Asia.



- AC Industrials, through AC Motors, re-launches Kia Philippines, adding a globally leading brand in its portfolio.



FEBRUARY

- Manila Water partners with the Tanauan Water District for the construction, operation, and management of the water supply and sanitation facilities in the city.

MARCH

- GCash partners with CIMB Philippines for the bank's digital savings wallet called GSave, which gives Filipinos easier access to a bank account.
- Manila Water energizes the Cardona Water Treatment Plant at an initial supply of 24 million liters per day following the completion of Phase 1 of the project.



- AC Health increases its stake in the Generika group from 50 percent to 52.5 percent.

APRIL

- AC Health announces plans to build the first dedicated cancer specialty hospital in the Philippines, envisioned to be a fully integrated, 100-bed facility offering comprehensive high-quality cancer care services at more affordable prices.

MAY

- AC Energy completes the sale of its 60 percent economic interest and 49 percent voting interest in its thermal assets under AA Thermal to Aboitiz Power.

- AC Energy and BIM Group commission the 330MW solar farm in Ninh Thuan province, its maiden Vietnam project.
- AC Energy and The Blue Circle enter into a shareholders' agreement to develop the 40MW Dai Phong Wind Farm in Vietnam.
- Ayala buys back 3.8 million shares from Mitsubishi Corporation.

JUNE

- AC Industrials, through AC Motors, launches Maxus Philippines to complement its product portfolio.
- BPI establishes its Green Finance Framework, highlighting its long-standing commitment to fund projects with clear environmental benefits.
- AC Energy completes the acquisition of the PHINMA energy group, effectively bringing its ownership to 66.3 percent.



- Globe launches its Globe At Home Air Fiber 5G postpaid plans, making the Philippines as the first Southeast Asian country to experience the fifth-generation fixed wireless broadband.



JULY

- AC Energy enters into a binding agreement with Power Partners for the transfer of its indirect ownership coal-fired power projects in Kauswagan, Lanao del Norte

AUGUST

- Globe strengthens its efforts to provide non-telecommunications services by rebranding Globe Capital Ventures to 917 Ventures, the largest corporate incubator in the Philippines.



- Manila Water signs a 30-year raw water supply offtake agreement with the MWSS and WawaJVCo, which involves the supply of raw water from the Wawa and Tayabasan rivers.
- Globe expands its MSME foothold with 17 new partnership deals with various resellers across the country.
- BPI receives 'BBB+' long-term and 'A-2' short-term issuer credit ratings from S&P Global Ratings.
- BPI issues its CHF100 million ASEAN Green Bond, the first ever public Swiss franc-denominated and the first negative yielding bond out of the Philippines.

SEPTEMBER

- AC Infra begins the actual construction and civil works of LRT line 1 Extension project.
- AC Infra's Entrego inaugurates its 12,000 sqm sorting and distribution facility in Laguna Technopark.



OCTOBER

- AC Energy and Yoma group forge partnership to jointly explore developing renewable energy projects in Myanmar.
- Globe acquires 77 percent equity interest in leading electronic payment service provider EC Pay, enhancing Globe's distribution network with over 9,000 partner outlets.
- Ayala issues its second fixed-for-life senior perpetual bond of US\$400 million with a fixed coupon of 4.850 percent.

NOVEMBER

- AC Health invests in pharmaceutical distributor IE Medica and its affiliate MedEthix.
- AC Infra's LRMC launches IkotMNL, an app that allows LRT-1 passengers to plan their trips, provide updates on train schedule, and enable crowd monitoring across 20 stations.



- AC Energy launches its US\$400 million senior perpetual fixed-for-life green bond issuance, the first US dollar-denominated FFL green bond issued globally.
- NEDA Board approves the NAIA rehabilitation proposal of the NAIA Consortium, subject to a Swiss challenge.



- Ayala signs a definitive agreement to acquire a 20 percent stake in Myanmar-based Yoma Group for a total consideration of US\$237.5 million for the investment.



- Ayala reissues its Class B Series 2 Preferred shares worth ₱15 billion at a rate of 4.82 percent.

DECEMBER

- AC Health acquires Healthway Philippines, one of the leading clinic networks in the country.



OUR GEOGRAPHIC PRESENCE

LEGEND

- Ayala Land
- BPI
- Globe
- AC Energy
- Manila Water
- AC Industrials
- AC Infrastructure
- AC Health
- iPeople
- AC Ventures

PHILIPPINES

NATIONAL CAPITAL REGION (NCR)

- Caloocan
- Las Piñas
- Navotas
- Makati
- Malabon
- Mandaluyong
- Manila
- Marikina
- Muntinlupa
- Pasig
- Parañaque
- Pasay
- Pateros
- Quezon City
- San Juan
- Taguig
- Valenzuela

REGION 1 - ILOCOS REGION

- Ilocos Norte
- Ilocos Sur
- La Union
- Pangasinan

REGION 2 - CAGAYAN VALLEY

- Batanes
- Cagayan
- Isabela
- Nueva Vizcaya
- Quirino

REGION 3 - CENTRAL LUZON

- Aurora
- Bataan
- Bulacan
- Nueva Ecija

- Pampanga
- Tarlac
- Zambales

REGION 4A - CALABARZON

- Batangas
- Cavite
- Laguna
- Quezon
- Rizal

REGION 4B - MIMAROPA

- Marinduque
- Occidental Mindoro
- Oriental Mindoro
- Palawan
- Romblon

REGION 5 - BICOL

- Albay
- Camarines Norte
- Camarines Sur
- Catanduanes
- Masbate
- Sorsogon

REGION 6 - WESTERN VISAYAS

- Aklan
- Antique
- Capiz
- Iloilo
- Guimaras
- Negros Occidental

REGION 7 - CENTRAL VISAYAS

- Bohol
- Cebu
- Negros Oriental
- Siquijor

REGION 8 - EASTERN VISAYAS

- Biliran
- Eastern Samar
- Northern Samar
- Samar
- Leyte
- Southern Leyte

REGION 9 - ZAMBOANGA PENINSULA

- Zamboanga Sibugay

- Zamboanga del Norte
- Zamboanga del Sur

REGION 10 - NORTHERN MINDANAO

- Bukidnon
- Camiguin
- Misamis Occidental
- Misamis Oriental
- Lanao del Norte

REGION 11 - DAVAO

- Compostela Valley
- Davao del Norte
- Davao del Sur
- Davao Occidental
- Davao Oriental

REGION 12 - SOCCSKSARGEN

- Sultan Kudarat
- North Cotabato
- South Cotabato
- Saranggani
- Gen. Santos City

REGION 13 - CARAGA

- Agusan del Norte
- Agusan del Sur
- Surigao del Norte
- Surigao del Sur
- Dinagat Islands

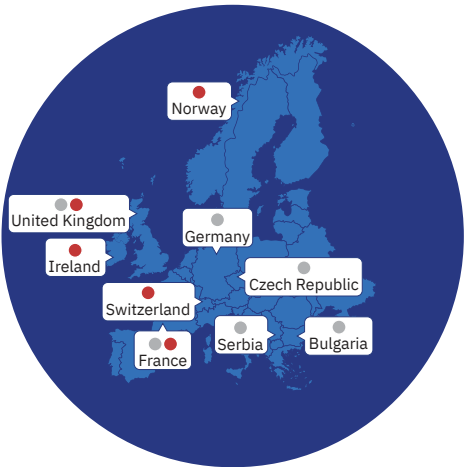
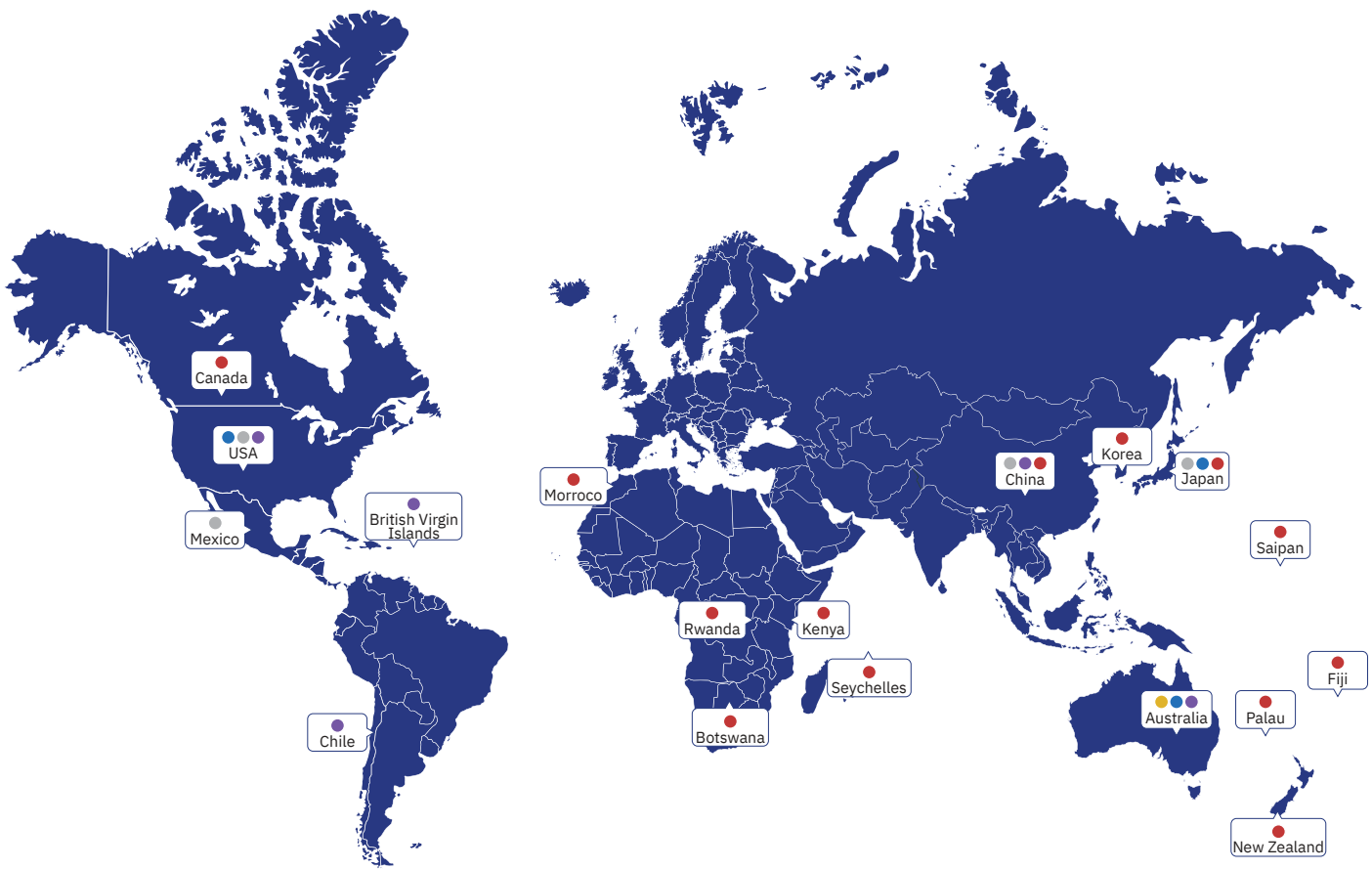
REGION 14 - CORDILLERA ADMINISTRATIVE REGION (CAR)

- Abra
- Apayao
- Benquet
- Ifugao
- Kalinga
- Mountain Province

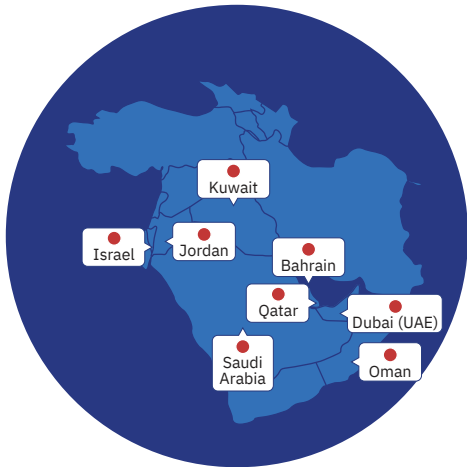
REGION 15 - AUTONOMOUS REGION OF MUSLIM MINDANAO (ARMM)

- Basilan
- Lanao del Sur
- Maguindanao
- Tawi-Tawi
- Sulu

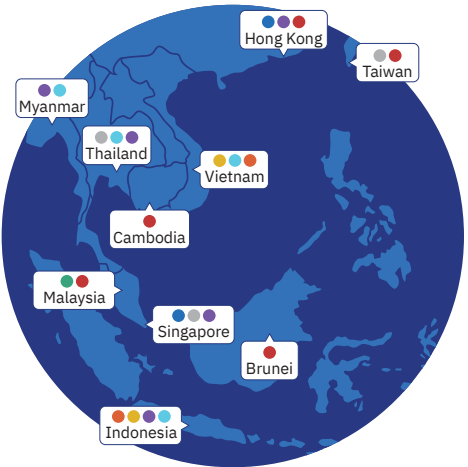
WORLD MAP



EUROPE



MIDDLE EAST



SOUTHEAST ASIA



OUR PORTFOLIO

CORE VALUE DRIVERS

REAL ESTATE

Leading and most diversified property developer in the country with the largest landbank

Market cap: ~\$11.1B

% of equity earnings: 30%

44.5%

TELECOMMUNICATIONS

Purveyor of the Filipino digital lifestyle supported by a robust telecom infrastructure

Market cap: ~\$4.6B

% of equity earnings: 13%

30.9%

FINANCIAL SERVICES

Pioneering financial institution and one of the most profitable banks in the country

Market cap: ~\$6.2B

% of equity earnings: 26%

48.6%

POWER GENERATION

Fast-growing regional energy platform with investments in renewable and conventional power assets and development, operations and retail supply capabilities

% of equity earnings: 24%

100%

PORTFOLIO INVESTMENTS



51.4%

Regional player in water infrastructure services and development
Market cap: ~\$442M

100%

Industrial technologies investments focused on electronics manufacturing, vehicle retail, and enabling technologies

100%

Portfolio of key infrastructure projects and public-private-partnerships (PPPs) in the Philippines

LONG-TERM VALUE DRIVERS

SOCIAL INFRASTRUCTURE



DIGITAL ENABLERS



REGIONAL PLATFORM



EMPOWERING MSMEs

A LITTLE HELP FROM HER FRIENDS



One of Aling Melinda's crab stalls in Occidental Mindoro with BPI Banko manager, Laiza Jayne Perino.

Crabs are Melinda Dilag Belinario's means of livelihood, but it is the opposite of crab mentality that has allowed her to prosper in the business.

She only had ₱10,000 in capital in 2006 when she decided to start selling crabs at a public market in San Jose, Occidental Mindoro. For 11 years, she worked hard, thankful that she had a source of income even though she was restless and dreamed of something bigger.

Sometime in 2017, a fellow seafood vendor told her about BPI Banko and suggested she try applying

for a loan. Aling Melinda was apprehensive – her business was, after all, very small. Interest rates may be too high especially since she did not have any collateral to offer. She was worried she might not be able to produce the documents needed for her loan application.

But Aling Melinda was in for a surprise. She learned that BPI Banko, BPI's microfinance arm, provides loans to self-employed micro-entrepreneurs. BPI Banko representatives took notice of her good, marketable products as well as her capacity and eagerness to expand. She obtained an initial loan of ₱100,000 at friendly interest rates; she used this immediately to open another store.

The returns were brisk. In the next three years, she was able to avail herself of three more loans ranging between ₱100,000 and ₱150,000. She used the proceeds to open other stalls in Occidental Mindoro as well as a grocery store.

Over the years, Aling Melinda's business thrived, not only because of the funds made available to her, but because of the support and encouragement she got from BPI Banko. "They give me advice on how to use the loans for the business and make smart investments," she says. "I value all their input



Melinda Dila Belinario's crab farm.



Aling Melinda's grocery store.

because they help me become a more discerning entrepreneur."

Aling Melinda is one of some 277,000 other small and medium enterprises (SMEs) in the Ayala network.

Micro, small and medium enterprises (MSMEs) are an increasingly significant contributor to economic growth in the country. They account for some 99.5 percent of the total number of Philippine businesses today. They corner about 60 percent of total annual revenues of Philippine businesses and contribute about 35 percent of the country's total gross domestic product. MSMEs employ 63 percent of working Filipinos.

For the Ayala network of SMEs, inclusivity and support are common themes.

"We want to help achieve a shared prosperity. Ayala has always believed that true success is inclusive and benefits many businesses beyond our own companies within the group," says Jaime Augusto Zobel de Ayala, Ayala Chairman and CEO.

"We believe that success must ripple throughout entire ecosystems, to eventually create and help accelerate the growth of other entities like self-employed micro-entrepreneurs."

Aside from being her financial advisers, BPI Banko professionals have become Aling Melinda's personal coaches. They tell her, for instance, not to get disheartened when some challenges come her way. For example, when her crabs die in transit to Manila, she now finds it easier to recover the loss. When people fail to pay her back after she lent them money out of the goodness of her heart, she now is more discerning on whom to trust. She is able to handle her money better.

"Charge them to experience, that's what they tell me," she says. They are patient with her questions, helpful with their advice – and most of all, they themselves are long-standing customers of her crab business.

"My daughter is in college studying accounting, and she helps me in the business with the things she has learned in school. My sons drive me around and help me manage my stores."

"I am very thankful to BPI Banko for its trust and support. I was able to provide a better life for my family. I learned that you can achieve anything you want if you are determined and if you have people around you to make your load lighter and pull you up."

EMPOWERING MSMEs

PLEASANT SURPRISES FROM UNEXPECTED TURNS



Leah conducts free blood pressure monitoring to a walk in customer.

Leah Clara Maquiraya Yabis used to believe she had everything figured out.

After obtaining her BS Pharmacy degree from the University of Santo Tomas and passing her Pharmacy Licensure Examination, she worked for six months as a pharmacist at St. Paul Hospital in Tuguegarao City. She then worked part time as an instructor for St. Paul University Philippines while taking up her Master in Public Health from Cagayan State University. She quickly rose from the ranks and became program coordinator for the SPUP College of Pharmacy.

When she had amassed all this experience in the academe, she went to the United States, spending a year working on obtaining her Foreign Pharmacy Graduate Equivalency Certificate so that she could work there as a pharmacist. And then she returned to the Philippines to process her US work visa.

It was while waiting for her visa that she worked with Engr. Ben C. Monteiro and helped him open three of his first Generika Drugstores.

Just before returning to the US, Leah re-evaluated her plans, pondering her future. And then she surprised even herself when she decided to take a different route.

“I was all set on working in the US, but being exposed to Generika changed my view,” Leah says. “When I was helping Sir Ben set up his own Generika Drugstores, I saw that pharmacy was not just another job or a way of earning money. With it, I could really make a difference and help other people.”

Leah used her and her husband’s savings, money they received as wedding gifts, money from a property in Tuguegarao which she had sold, and a friendly loan from Engr. Monteiro – who not only became her mentor but her godfather in marriage. With the encouragement from her parents and siblings, she opened her first Generika franchise in Talipapa, Novaliches in April 2012.

But funding, she learned, was not her greatest challenge. Leah knew that educational attainment and professional experience did not guarantee entrepreneurial success. She was thankful for the system and support that Generika offered its franchisees: there was a central commissary, the



Leah with her Generika Talipapa Novaliches team.

movement of products was easy to monitor, there was a retail expert point of sale system ready to assist her when she needed help, and control systems were in place.

Leah is one of the 277,000 small and medium enterprises (SMEs) in the Ayala network. In the Philippines, micro, small and medium enterprises (MSMEs) account for some 99.5 percent of the total number of Philippine businesses. They corner about 60 percent of total annual revenues and contribute about 35 percent of the country’s total gross domestic product. MSMEs employ 63 percent of working Filipinos.

All this economic activity aims to include as many players as possible.

“Our role is to help achieve a shared prosperity. Ayala has always believed that true success is inclusive and benefits many businesses beyond our own companies within the group,” says Jaime Augusto Zobel de Ayala, Ayala Chairman and CEO.

“We believe that success must ripple throughout entire ecosystems, to eventually create and help accelerate the growth of other entities like self-employed micro-entrepreneurs.”

In four years, Leah has opened five stores – Talipapa, North Fairview, Krus na Ligas, Bagbag and Pulilan – and has reached out to more people in these communities. Most of Generika’s customers come from low-income families, and Leah takes comfort in the fact that her Generika stores provide free

healthcare services such as consultations, blood pressure and wellness advise, including blood sugar monitoring and body fat analysis services for an affordable fee.

“Beyond the revenue, it’s being able to serve the community,” Leah says. “It’s not really about chasing the money, but being of service to those who need you.”

These days, Leah likes telling people about Generika and even encouraging others to open their own stores. She is thankful that she found a stable corporate partner in Ayala who shares her goals of helping others while also improving her capability as an entrepreneur.

“Everything is about collaboration,” she says.

“Nothing comes easy, you need to work hard, create an enabled team because you can’t do it alone, work on the relationship and be worthy of the partnership.”

Where she is now may not be where she had envisioned herself to be ten years ago. Indeed, there have been many surprises along the way. Deep in her heart, however, Leah knows she made the right decision in staying in the Philippines. Now she is building a life here with her husband and two children.

Partnership with Ayala has changed her, and Leah makes sure she pays it forward by being, herself, an agent of change.



Leah’s Generika Drugstores offer an Adult Care Program which provides health counseling and medication review for elderly customers.

OUR LEADERSHIP

A photograph of Jaime Augusto Zobel de Ayala, Chairman and CEO, sitting in a modern conference room. He is a middle-aged man with grey hair, wearing a dark suit jacket over a light blue shirt and tan trousers. He is smiling and holding a tablet computer. The room features white leather chairs and a dark wood wall with a framed picture and a plant.

**JAIME AUGUSTO
ZOBEL DE AYALA**
Chairman and CEO

MESSAGE FROM THE CHAIRMAN

Fellow shareholders,

The events of the past year have challenged the corporate momentum we have built over the last decade. However, history has shown Ayala's resilience across multiple business cycles over the 186 years that we have been in operation. This ability to deal with adversity has been built on our fundamental strengths of adhering to the highest standards of corporate governance, always looking to develop value over the long term, remaining flexible to adjust to changing circumstances, and constantly aligning our business objectives with the broader development needs of the country. These fundamental values have stood us in good stead through the years, defined Ayala as a successful multi-business group, and ensured our continuity and relevance throughout the years.

While the challenges of the past year have resulted in one of the most difficult periods in our corporate history, it is also during trying times that the strength of our diversification initiatives and massive expansion program are put to the test.

Recall that in 2011, the Ayala group set in motion a strategic agenda that led to the expansion of our established franchises in real estate, banking, and telecommunications to capitalize on the strong momentum we saw taking place in the domestic environment. In parallel, we invested in energy generation as a new growth platform from which we would derive future sources of earnings and value creation. These initiatives have cemented our competitive advantage, maintained our relevance in our markets, and established the foundation for long-term growth and value regardless of the prevailing macroeconomic or competitive environment.

In particular, we have seen how the strong performance of our core business pillars--Ayala Land, Bank of the Philippine Islands, Globe Telecom, and AC Energy--sustained Ayala's trajectory in 2019. Their results cushioned the impact of the setbacks faced by Manila Water in connection with the water supply shortage in the metropolis. Further, these core businesses helped mitigate the slowdown AC Industrials confronted which arose from headwinds in global manufacturing and the domestic automotive industries. I am pleased to report that despite a challenging period, our profitability improved 11 percent to ₱35.3 billion in 2019.

Let me provide a background of the macroeconomic environment we faced during the period to put this yearend review into perspective.



Between the BPI mobile app and Globe's GCash, the group has been able to reach over 1.9 million online banking clients, 20 million registered users, and over 75,000 merchants and partners.

Global economic growth in 2019 was at its slowest since the Global Financial Crisis, but developing countries in Asia still recorded strong growth even as trade tensions dampened outlook for the region.

Here at home, while the Philippine economic growth of 5.9 percent in 2019 fell below the above-6 percent growth that we witnessed over the past four consecutive years, it continued to be bolstered by solid domestic consumption, driven by stable inflation, higher remittances, and record-low unemployment. This continued to benefit Ayala Land, BPI, and Globe, which remained as the top contributors to Ayala's performance during the year, along with AC Energy, which has been a consistent significant source of growth over the past three years. AC Energy's announced pivot towards renewable energy and the sale of some of its conventional power assets allowed it to recycle capital, recognize gains, pointing us towards an exciting new future. We envision these four business pillars to remain as Ayala's core value drivers in the medium term.

We have always actively managed our portfolio and believe in constantly rebalancing our businesses interests to either realize value as opportunities

arise or to launch a new business-building cycle in a specific industry. In particular, we have always been proud of what Manila Water has achieved, turning around the East Zone concession and laying an efficient water supply and distribution system for the metropolis despite the absence of new water sources. However, we also need to be flexible, quick and open-minded to how industries, economic environments, and regulatory agencies evolve. Thus, in February 2020, we invited the Razon group as a strategic partner in Manila Water. I look forward to this partnership with a group that shares a deep commitment to contributing to the country's water infrastructure development.

In AC Industrials, the company experienced a number of geopolitical headwinds, including the US-China trade war and Brexit that contributed to the world economy's slowest year-on-year expansion since the financial crisis a decade ago. We recognize the acceleration of disruptive changes, driven by intensifying competition and evolving customer demands, which has created a challenging environment for worldwide manufacturing and trade. These have posed operational challenges for the various platforms under AC Industrials. To address this, we are in the process of reassessing AC Industrials' portfolio to identify the pain points,

develop solutions, and rationalize the long-term strategic direction of the business.

Meanwhile, our social infrastructure portfolio continues to gain traction. AC Health continues to ramp up its clinic footprint with the acquisition of a 100 percent stake in Healthway Philippines, which operates a network of mall-based multispecialty and corporate clinics. This complements FamilyDoc, the largest network of primary care clinics in the country. In education, with the merger of AC Education and iPeople, we have established a group of seven educational institutions with a combined student population of approximately 60,000 across 28 campuses in Metro Manila and the Calabarzon, Bicol, and Mindanao regions.

During the year, the Ayala group also made great strides in our digital transformation journey. Our digital portfolio includes Zalora, the country's largest fashion e-commerce site with 10 million visits per month and carrying 20,000 fashion brands, as well as its adjacent company Entrego, a technology-driven logistics company that has gained foothold servicing the major e-commerce players in the country. In financial services, we are happy to see the many touchpoints that both BPI and Globe have been able to harness to address financial inclusion and facilitate higher engagement from the unserved and underserved segments of the population, including MSMEs and the low-income consumer segment.

Between the BPI mobile app and Globe's GCash, the group has been able to reach over 1.9 million online banking clients, 20 million registered users, and over 75,000 merchants and partners. Today, the BPI app ranks 5th in mobile banking on the App Store and 17th on Google Play. Moreover, I am delighted to share that our efforts to grow the fintech landscape in the country has gained significant traction as GCash is currently the number one finance app in the Philippines on both the App Store and Google Play.

While we intend to remain as a Philippine-centric business group, we are open to overseas investments on an opportunistic basis, particularly in markets and sectors where we can bring our strengths and expertise. In November 2019, we acquired a 20 percent stake in the Yoma group, Myanmar's leading conglomerate with interests in

sectors that are overlapping with Ayala, including real estate, power, and financial services. Myanmar is an underpenetrated frontier market with a promising economic growth story, supported by its government's broad liberalization initiatives. We envision our investment in the Yoma group to serve as Ayala's main platform for strategic investments in Myanmar.

As a final word, the unfortunate episodes that transpired in our country and the rest of the world at the beginning of 2020 have resulted in an existential moment of radical business transformation. The COVID-19 pandemic is adversely impacting many economies, markets, and businesses at the national and global scale which has not spared the Ayala group. In the Philippines, even before the onset of this global pandemic, the eruption of the Taal Volcano in January had already affected certain industries domestically, including real estate and retail within the volcano's vicinity.

While the outlook for the business environment has radically changed as a result of these unfortunate events, we take comfort in the fact that we have built a healthy balance sheet at the holding company and across the group that gives us a buffer to absorb external shocks such as the current global health crisis. We consider this to be one of our strongest attributes, having survived and thrived under multiple crises.

It is within this context that I thank our board of directors for their engagement and foresight across a variety of working committees, our management team for ensuring a culture of professional commitment, our many business partners for their willingness to collaborate with us, and our fellow shareholders for their continued support, trust, and confidence in Ayala. We look forward to a lasting partnership as we weather these uncertain times, supporting our employees and our many stakeholders as we continue to contribute to society through our institutions, our products, and our services.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman and CEO

MESSAGE FROM THE PRESIDENT

Dear Shareholders,

I would like to thank all of you for your support in 2019. The past year was a challenging one for the company, with a difficult situation in the Philippines due to the COVID-19 pandemic and a shortage that affected the Water business. Water has managed to overcome the incident. We have also seen the impact of the prolonged lockdown on new water supply projects under the Water Supply Plan.

Despite the challenges, we have managed to close the year with a strong performance. Our administrative and operational efficiency, along with the medium-term water supply development, have enabled us to meet the demand of our customers and maintain a strong supply of water.

Our operational efficiency, along with the medium-term water supply development, has enabled water supply to remain within regulatory levels despite lower raw water supply.

Despite the challenges, we have managed to close the year with a strong performance. Our administrative and operational efficiency, along with the medium-term water supply development, have enabled us to meet the demand of our customers and maintain a strong supply of water.

We are happy to report that Ayala's net income expanded by 11 percent from 2018. This was primarily due to the partial divestment of AC Energy's thermal assets as it moved towards renewable energy and the merger of our education arm with iPeople.

Our results, however, were weighed down by the recognition of a remeasurement loss of ₱18.1 billion, arising from a likely reduced stake in Manila Water, whose shareholders are being asked to approve an increased number of shares to open up opportunities for a strategic investor. We believe a partnership with a strategic investor will accelerate Manila Water's long-term strategic direction, including

**FERNANDO
ZOBEL DE AYALA**
President and COO



Ayala Land continues to build well-rounded communities that are accessible via public transport, eco-friendly, and resilient, uplifting living standards for Filipinos.

its regional aspirations. Over the past decade, Manila Water has established itself as a major water infrastructure player in Southeast Asia with investments in various platforms across Vietnam, Thailand, and Indonesia and today continues to be on the lookout for opportunities in the region.

Let me now touch on the performance of our business units in greater detail.

Ayala Land continued to reap the benefits of its diversification strategy to achieve a better balance between its development and recurring income portfolio as well as in its geographic concentration. Its net profits rose 13 percent to ₱33.2 billion, supported by office and commercial and industrial lot sales as well as a growing leasing operation.

Ayala Land's recurring income portfolio, which includes office and mall leasing, hotels and resorts, and property management, continues to expand at a faster pace than its development income. It has recorded a compounded annual growth rate of 25 percent since 2013. This has outpaced Ayala Land's development income, which includes residential and office and lot sales, which posted a compounded annual growth rate of 17 percent during the same period. Meanwhile, Ayala Land's geographic diversification continued, with new estates contributing 58 percent to its bottomline as the development of these areas accelerate.

In 2019, Ayala Land launched three new large-scale, integrated, mixed-use developments, bringing

its total estates to 29. These new estates---the 120-hectare Broadfield in Laguna, the 11-hectare the Junction Place in Quezon City, and the 290-hectare Crescendo in Tarlac---enhances Ayala Land's presence in Metro Manila and in Luzon.

Bank of the Philippine Islands continued to work towards its goals of improving its earnings capacity and shareholder returns by focusing on its core lending business and increasing efficiencies through technology. In 2019, the bank's net earnings reached ₱28.8 billion, jumping 25 percent from 2018 on strong core banking business revenues and a steadily growing fee-based segment, supported by higher securities trading gains.

By 2023, BPI is targeting to double its net income to ₱57 billion and achieve a 15 percent return on equity. To achieve this, it is ramping up its retail, SME, and micro lending segments while remaining focused on strong asset quality through various initiative such as the creation of dedicated SME and microfinance groups and moderate branch expansion. Moreover, the bank is scaling up its fee-based business by shifting focus from trading to transaction-based services such as credit cards, asset management, payments, and insurance. Finally, BPI's digitalization efforts are expected to achieve low-cost funding, increased operational efficiency, and higher engagement from the unserved and underserved markets.

In microfinance, BPI achieved its target of 300 BanKo branches, servicing more self-employed



AC Energy 330 MW Ninh Thuan solar farm in Vietnam is one of Southeast Asia's largest solar farms.

microentrepreneurs nationwide. Its digitalization efforts likewise continued to bear fruit, with digital penetration now at more than 20 percent between its retail and corporate clients.

Globe continued to benefit from high demand for data-related products and services. The 20 percent expansion in its net income to ₱22.3 billion was bolstered by data-driven customers across its mobile and broadband segments. It is worth noting that data-related services accounted for over 70 percent of Globe's service revenues, which grew 12 percent to ₱149 billion during the year.

Globe continues to invest to enhance its network quality and improve customer experience. It spent ₱51 billion in capital expenditures to fast-track its network rollout, increasing its sites by 139 percent and its 3G and 4G base stations by 28 percent.

On the mobile money front, Globe's GCash continues to promote financial inclusion and expand the mobile money ecosystem. At yearend, GCash had 20 million registered users, and over 75,000 QR merchants and partner billers. Further, GCash introduced innovations during the year to offer more financial services to the unbanked. One such innovation is GSave, a digital savings account opened directly from the GCash app. GSave offers a competitive interest rate with no minimum initial deposit or maintaining balance requirement.

As it moves away from thermal energy, **AC Energy** continues to build up its renewable portfolio. It ended 2019 with an attributable capacity of over

1,800 MW, with 50 percent of total energy output coming from renewable sources. In addition, it has 1,200 MW of various solar and wind projects in the pipeline, bringing it on track to achieve its attributable capacity target of 5,000 MW of renewable energy by 2025.

AC Energy registered net profits of ₱24.6 billion in 2019, lifted by contributions from its solar projects in Vietnam and gains from the partial divestment of its thermal assets. AC Energy increased its attributable energy output in 2019 by 25 percent to 3,500 gigawatt hours, of which 50 percent came from renewable sources. Given the increasing contribution of AC Energy to Ayala's equity earnings over the past three years, we have started to classify AC Energy as one of our core business pillars together with Ayala Land, BPI, and Globe.

To support its renewable energy investments, AC Energy tapped the capital market through the issuance of two Green Bonds, raising US\$810 million in combined proceeds. The first issuance, which raised US\$410 million was the first Green Bond to be certified by the Climate Bond Initiative in Southeast Asia. AC Energy also issued the first US dollar denominated fixed-for-life Green Bond to be issued globally, raising US\$400 million in proceeds.

As mentioned, the challenges in the East Zone concession weighed on **Manila Water's** performance in 2019. The water crisis took a toll on Manila Water's profitability, which declined 16 percent to ₱5.5 billion. Business performance was dampened by the impact of the MWSS penalty and a voluntary



Entrego fulfills the increasing needs for logistics services in the country, providing technology-driven logistics solutions to enterprise clients.

one-time bill waiver program to assist severely affected customers. This was further affected when raw water allocation from Angat Dam hit its lowest in July. To mitigate this, Manila Water implemented network efficiency measures to maintain service availability at the ground floor level and be able to serve more than 7 million people across over 1.3 million households in the East Zone.

Manila Water likewise continued to work towards its goal of providing 32 percent wastewater coverage of the East Zone by 2021. Wastewater coverage currently stands at over 30 percent or equivalent to two million people served through nearly 400 kilometers of laid sewer network. This was only at three percent before Manila Water took over operations from MWSS in 1997.

AC Industrials faced a challenging year due to the difficulties in global manufacturing and the automotive industries. These challenges also included the impact of geopolitical tensions, such as the US-China trade conflict and prolonged uncertainty on Brexit. These macro headwinds together with the disruptive changes currently sweeping many key industries have created a challenging environment for worldwide manufacturing and trade.

In the electronics space, intensifying competition posed operational challenges to players like AC

Industrials, particularly its anchor manufacturing arm, IMI, and new platforms Merlin Solar and MT Technologies. These challenges resulted in longer fulfillment times and higher material costs. Meanwhile, automotive sales likewise experienced weakness and the industry's megatrends of connectivity, autonomy, sharing, and electrification continued to disrupt the industry. In this difficult environment, AC Industrials recorded a net loss of ₱2.4 billion in 2019.

During these trying times, we take comfort in the fact that AC Industrials retains specialized technical resources such as advance manufacturing engineering as well as proprietary technologies, including power electronics, camera and vision, smart energy, and connectivity, which all serve as the foundation for future growth.

Finally, we continue to support our long-term investments in infrastructure, healthcare, and education. **AC Infra** is building up its logistics and fulfillment arm, Entrego, which posted a compounded monthly growth of 14 percent in volume throughout the year. This growth was underpinned by the rising demands of the e-commerce and retail sectors for B-to-B and B-to-C logistics services. Entrego also launched an automated sorting center to drive operational efficiencies and processes.



FamilyDOC combines the services of a clinic, a diagnostic facility, and a pharmacy all under one roof.

AC Health acquired a 100 percent stake in Healthway, one of the leading clinic networks in the country. The addition of Healthway's seven mall-based multi-specialty clinics and 41 corporate clinics expands AC Health's clinic portfolio, which today includes 74 FamilyDOC primary care clinics and 10 corporate clinics. It also expanded its pharma portfolio with new investments into IE Medica, one of the major importers of pharmaceutical products in the country, and MedEthix, its affiliated distribution company.

AC Education's merger with **iPeople** in 2019 has significantly broadened our education footprint. Our student population has grown from 38,500 before the merger to approximately 59,300 students. The merger has resulted in several synergies, including leveraging the various schools' complementary strengths to improve student learning experience and producing greater operational efficiency.

As the Ayala group continued to be optimistic about the domestic macroeconomic environment, our combined capital expenditure reached ₱215 billion in 2019. At the parent level, our balance sheet remained strong with enough capacity to support our future investments and cover dividend and debt obligations. In 2019, we paid ₱8.30 per share in cash dividends, 20 percent higher than its 2018 level. We likewise took advantage of favorable market conditions to raise capital. This included the

US\$400 million in fixed-for-life senior perpetual notes with an annual coupon of 4.85 percent with no step-up, and the ₱15 billion in preferred shares.

In closing, at Ayala, we constantly strive to deliver a more holistic engagement with the communities we serve and make sure that we create a meaningful, lasting impact in conjunction with our economic aspirations. We remain committed to the UN Global Compact and its 10 principles, which are very much aligned with our own sustainability philosophy in the Ayala group. This desire to help bridge societal gaps has been embedded in our corporate culture and will continue to define our direction in the coming years. We are fortunate to have so many individuals in our institution who share this thinking and enable its execution across our many companies in the Ayala group.

Ayala owes its success to the commitment of our shared vision across the rest of the group's management team and staff, the guidance and leadership of our Board of Directors, and the trust and confidence of our many stakeholders. We thank you all for your continued commitment and support.

FERNANDO ZOBEL DE AYALA
President and COO

BOARD OF DIRECTORS



DELFIN L. LAZARO
Non-executive Director

**ANTONIO JOSE
U. PERIQUET**
Independent Director

KEIICHI MATSUNAGA
Non-executive Director

**JAIME AUGUSTO
ZOBEL DE AYALA**
Executive Director,
Chairman, and
Chief Executive Officer



**FERNANDO
ZOBEL DE AYALA**
Executive Director,
Vice Chairman,
President and
Chief Operating Officer

**RAMON R. DEL
ROSARIO, JR.**
Independent Director

XAVIER P. LOINAZ
Lead Independent
Director

JAIME AUGUSTO ZOBEL DE AYALA, Filipino, 60
Executive Director, Chairman, and Chief Executive
Officer

Date of Appointment

Director of Ayala Corporation since May 1987

Length of Service (As of 31 December 2019)

32 years

Academic/Professional Qualification

- B.A. in Economics (Cum Laude) from Harvard College in 1981
- MBA at Harvard Graduate School of Business Administration in 1987
- Chairman and CEO of Ayala Corporation since April 2006

Present Directorship(s)/Position(s)

Other Publicly Listed Companies

– within Ayala Group:

- Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands
- Vice Chairman of Ayala Land, Inc., Manila Water Company, Inc. and AC Energy Philippines, Inc.

Other Non-Listed Companies – within Ayala Group:

- Chairman of Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation and Asiacom Philippines, Inc.
- Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.
- Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy, Inc., Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd.

Other Non-Listed Companies/Organizations

– outside Ayala Group:

- Member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council and Mitsubishi Corporation International Advisory Council
- Member of the Board of the Singapore Management University and Eisenhower Fellowships
- Member of various advisory boards of Harvard University, including the Global Advisory Council,

HBS Board of Dean’s Advisors, and HBS Asia-Pacific Advisory Board (Chairman)

- Chairman Emeritus of the Asia Business Council and Chairman of Endeavor Philippines
- Member of the Global Board of Adviser of the Council on Foreign Relations
- Co-Vice Chairman of the Makati Business Club

FERNANDO ZOBEL DE AYALA, Filipino, 59

Executive Director, Vice Chairman, President, and Chief Operating Officer

Date of Appointment

Director of Ayala Corporation since May 1994

Length of Service (As of 31 December 2019)

25 years

Academic/Professional Qualification

- B.A. Liberal Arts from Harvard College in 1982
- CIM from INSEAD, France in 1993
- President and Chief Operating Officer of Ayala Corporation since April 2006

Present Directorship(s)/Position(s)

Other Publicly Listed Companies

– within Ayala Group:

- Chairman of Ayala Land, Inc., Manila Water Company, Inc., and AC Energy Philippines, Inc.
- Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro- Electronics, Inc.

Other Publicly Listed Company

– outside Ayala Group:

- Independent Director of Pilipinas Shell Petroleum Corporation

Other Non-Listed Companies – within Ayala Group:

- Chairman of AC International Finance Ltd., ALI Eton Property Development Corporation, Liontide Holdings, Inc., AC Energy, Inc., Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.
- Co- Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.
- Vice-Chairman of AC Industrial Technology

Holdings, Inc., Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc. AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc.

- Director of LiveIt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc.

Other Non-Listed Companies/Organizations

– outside Ayala Group:

- Director of Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula
- Member of the Board of INSEAD Business School and Georgetown University
- Member of the International Advisory Board of Tikehau Capital and Hispanic Society Museum & Library International Advisory Council
- Vice Chairman of the Philippine-Singapore Business Council
- Member of the World Presidents’ Organization and Chief Executives Organization
- Chairman of Habitat for Humanity International’s Asia-Pacific Capital Campaign Steering Committee
- Trustee of Caritas Manila, Pilipinas Shell Foundation, and the National Museum

DELFIN L. LAZARO, Filipino, 73

Non-Executive Director

Date of Appointment

Director of Ayala Corporation since January 2007

Length of Service (As of 31 December 2019)

13 years

Academic/Professional Qualification

- BS Metallurgical Engineering from University of the Philippines in 1967
- MBA (with Distinction) at Harvard Graduate School of Business in 1971

Present Directorship(s)/Position(s)

Other Publicly Listed Companies

– within Ayala Group:

- Director of Ayala Land, Inc., Integrated Micro-

Electronics, Inc., Manila Water Company, Inc., and Globe Telecom, Inc.

Other Non-Listed Companies – within Ayala Group:

- Chairman and President of A.C.S.T. Business Holdings, Inc.
- Vice Chairman and President of Asiacom Philippines, Inc.
- Director of AC Industrial Technology Holdings, Inc., AYC Holdings, Ltd., AC International Finance, Ltd., and Purefoods International Limited

Other Non-Listed Companies/Organizations

– outside Ayala Group:

- Chairman of Atlas Fertilizer & Chemicals Inc.
- Director of Probe Productions, Inc.

KEIICHI MATSUNAGA, Japanese, 55

NON-EXECUTIVE DIRECTOR

Date of Appointment

Director of Ayala Corporation since April 2017

Length of Service (As of 31 December 2019)

3 years

Academic/Professional Qualification

- Graduate from the Faculty of Law at Waseda University in 1988
- Connected with Mitsubishi Corporation for over 30 years in various leadership positions

Present Directorship(s)/Position(s)

Other Non-Listed Company – within Ayala Group:

- Director of Portico Land Corp.

Other Non-Listed Companies/Organizations

– outside Ayala Group:

- General Manager of Mitsubishi Corporation Manila Branch
- Chairman of International Elevator & Equipment Inc.
- President of MC Diamond Realty Investment Phils., MC Oranbo Investment, MC Cavite Holdings, Inc., FMT Kalayaan, Inc., and Japanese Chamber of Commerce & Industry of the Philippines (JCCIPI)
- Director of Century City Development II Corporation (CCDC II), Isuzu Philippines Corporation, Kepco Ilijan Corporation, and The Japanese Association Manila, Inc. (JAMI)

XAVIER P. LOINAZ, Filipino, 76
Lead Independent Director

Date of Appointment

Director of Ayala Corporation since April 2009
Lead Independent Director of Ayala Corporation since April 2017

Length of Service (As of 31 December 2019)

10 years as Director
7 years as Independent Director (reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016)
3 years as Lead Independent Director

Academic/Professional Qualification

- AB Economics degree from Ateneo de Manila University in 1963
- MBA-Finance at Wharton School, University of Pennsylvania in 1965
- President of the Bank of the Philippine Islands from 1982 to 2004
- President of Bankers Association of the Philippines from 1989 to 1991

Present Directorship(s)/Position(s)

Other Publicly Listed Company – within Ayala Group:

- Independent Director of the Bank of the Philippine Islands

Other Non-Listed Companies – within Ayala Group:

- Independent Director of BPI Family Savings Bank, Inc., and BPI/MS Insurance Corporation

Other Non-Listed Companies/Organizations

– outside Ayala Group:

- Trustee of E. Zobel Foundation
- Chairman of Alay Kapwa Kilusan Pangkalusugan and XPL Manitou Properties, Inc.
- Vice Chairman of XPL MTJL Properties, Inc.

RAMON R. DEL ROSARIO, JR., Filipino, 75
Independent Director

Date of Appointment

Director of Ayala Corporation since April 2010

Length of Service (As of 31 December 2019)

9 years as Director
7 years as Independent Director (reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016)

Academic/Professional Qualification

- BSC-Accounting and AB Social Sciences (Magna cum Laude) from De La Salle College in 1967
- MBA at Harvard Business School in 1969
- Managed Phinma since 2002 and brings with him a wealth of experience in leading a diversified conglomerate

Present Directorship(s)/Position(s)

Other Publicly Listed Company

– outside Ayala Group:

- President and Chief Executive Officer of Phinma Corporation

Other Non-Listed Companies/Organizations

– outside Ayala Group:

- President and Chief Executive Officer of Philippine Investment Management, Inc.
- Chairman of PHINMA Education Holdings, Inc., PHINMA Araullo University, PHINMA University of Iloilo, PHINMA University of Pangasinan, PHINMA Cagayan de Oro College, Southwestern University PHINMA, PHINMA St. Jude College, United Pulp and Paper Co., Inc., PHINMA Microtel Hotels, Inc., PHINMA Hospitality, Inc., and Philippine Business for Education
- Vice-Chairman of Phinma Foundation, Inc., Phinma Property Holdings Corp., Caritas Manila and Philippine Business for Social Progress
- Director of Union Galvasteel Corp. and Philcement Corp.
- Trustee of Ramon Magsaysay Award Foundation and Makati Business Club

ANTONIO JOSE U. PERIQUET, Filipino, 58
Independent Director

Date of Appointment

Director of Ayala Corporation since September 2010

Length of Service (As of 31 December 2019)

9 years as Director
7 years as Independent Director (reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016)

Academic/Professional Qualification

- AB Economics from Ateneo de Manila University in 1982
- Masters of Science in Economics at the Oxford University, UK in 1988
- MBA at University of Virginia, USA in 1990
- Director of DBP Insurance Brokerage from 2010 to 2012
- Chairman of Deutsche Regis Partners from 1999 to August 2010
- Awarded as Best Strategist from 2003 to 2010 and as Best Analyst in 2009 to 2010 by the Fund Managers Association of the Philippines
- Honorary Investment Adviser to the British Government from 2016 to 2017

Present Directorship(s)/Position(s)

Other Publicly Listed Company – within Ayala Group:

- Independent Director of the Bank of the Philippine Islands

Other Publicly Listed Companies

– outside Ayala Group:

- Independent Director of ABS-CBN Corporation, DMCI Holdings, The Max's Group of Companies, Semirara Mining and Power Corporation and The Philippine Seven Corporation

Other Non-Listed Company – within Ayala Group:

- Chairman of BPI Asset Management and Trust Corporation

Other Non-Listed Companies/Organizations
– outside Ayala Group:

- Chairman of Campden Hill Group, Inc.
- Independent Director of Albizia ASEAN Tenggara Fund
- Trustee of Lyceum of the Philippines University
- Member of the Dean's Global Advisory Council at the University of Virginia's Darden School of Business

Ayala's Board of Directors leads the company's governance system by providing active management oversight, encouraging a culture of trust, openness, and constructive dissent, and ensuring individual accountability. In exercising its powers and duties, the Board always takes into consideration the best interest of the company, its shareholders, and other stakeholders. Annually, it leads the review of the company's vision and mission, revisits and approves the group's corporate strategy and performance objectives, and monitors its implementation. It oversees the business affairs and is accountable to the shareholders for the long-term performance of the company. It meets regularly and allots time to discuss strategic issues with the Ayala Group Management Committee to gain insights into each specific business area. The Board's roles and responsibilities are formalized in its Charter found in the company website.

2019 Board Accomplishments

1. The Board reviewed and affirmed the appropriateness of Ayala's vision and mission statement.
2. The Board reviewed, monitored and oversaw the implementation of corporate strategy.
3. The Board reviewed and ensured the adequacy of the company's internal control mechanisms and risk management process for good governance, and the proper implementation of the Code of Conduct and Ethics.
4. The Board reviewed and affirmed the true and fair representation of the annual financial statements, for fiscal year 2019.

BOARD COMPOSITION

The structure, size, and composition of the Board are annually reviewed and monitored by the Corporate Governance and Nomination Committee ensuring an appropriate mix of non-executive, independent and executive directors. The current composition is sufficiently diverse in thinking, characterized by a combination of knowledge, experience, and expertise to guide management as it addresses issues, new challenges and market opportunities facing the company. Moreover, none of the directors have worked for Ayala's external auditing firm within the three years immediately preceding the date of their election or appointment.

Ayala's Board at a Glance

- Number of Directors: 7 Directors
- Chairman: Jaime Augusto Zobel de Ayala
- Vice-Chairman: Fernando Zobel de Ayala
- Lead Independent Director: Xavier P. Loinaz
- Expertise/Background: economics, finance, accounting, business, contract, commercial, and international law, including engagements in social and environmental activities
- Director Term of Office: 1 year
- Percentage of non-executive and independent directors: 71 percent
- Independent directors owning more than 2 percent of outstanding capital stock: None

Board Diversity Policy

Ayala recognizes the value of having a Board composed of qualified and dedicated individuals with a diverse mix of expertise, experience, skills and backgrounds. As such, Ayala has adopted a board diversity policy that encourages the selection of an appropriate mix of competent directors. Diversity includes business experience, age, and gender. With respect to gender, the Board shall strive to be composed of at least 30 percent female directors or at least two (2) female directors, whichever is lower, by 2025.

CHAIRMAN AND VICE CHAIRMAN

The Chairman leads and drives the effectiveness of the Board, both inside and outside the boardroom by promoting active engagement and open discussion among the directors. The Chairman also provides guidance to the board through providing clear advice on strategy to steer the transformation of the business. In the absence of the Chairman, the Vice Chairman shall succeed the duties of the Chairman.

The responsibilities of the Chairman and the Board have been increasingly challenging due to the changing and evolving expectations by the various stakeholders of the company. The expectations are in the exercise of good corporate governance practices, implementation of effective risk management, and compliance with relevant laws and regulations.

The positions of Chairman of the Board and CEO are currently held by the same person. The company's

corporate governance principles, which include clear and well-understood roles and responsibilities, as well as a culture of open communication with the CEO and senior management, enable the Board to maintain independent reviews and quality discussions at meetings.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS

Non-executive directors (NEDs) and independent directors (IDs) make up more than 70 percent of the Board's membership. The role of the NEDs and IDs is to exercise independent judgment, ensure the continuing soundness, effectiveness and adequacy of the company's control environment, and act in the best interest of the company, the stockholders and the stakeholders considering transparency, accountability and fairness in all activities.

For its IDs, Ayala has set a term limit of nine years in accordance with the rules set by the SEC. As of 2019, none of the independent directors have served the company for more than nine years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 19, series of 2016.

Periodic meetings are held by the NEDs and IDs without the presence of executive directors. In 2019, the NEDs and IDs had a meeting held on July 16, 2019 chaired by the Lead Independent Director, Xavier P. Loinaz. The CFO was invited as a resource person. Discussions centered on how the Code of Conduct and Ethics is being implemented and how compliance with it is being monitored, whistleblower reports involving certain companies within the group, the performance of the Chief Executive Officer and the need to periodically review the succession plans of the operating subsidiaries.

LEAD INDEPENDENT DIRECTOR

As mandated by the company's Revised Corporate Governance Manual, a lead independent director is appointed to further ensure the exercise of independent judgment by the board, particularly since the Chairman is not independent of Management.

The Lead Independent Director's role, among others, is to act as an intermediary between the Chairman of

the Board and the other Directors, when needed; to convene and lead the periodic meetings of NEDs and IDs with the external auditor and heads of internal audit, compliance and risk management, as needed; and contribute to the performance evaluation of the Chairman of the Board.

BOARD PERFORMANCE

The Board devotes ample time and attention to fulfill its duties and responsibilities. At the start of the year, the calendar of activities for the Board and Committees are established and approved. Each fiscal year, the Board meets at least six times, with the schedule of Board meetings determined before the start of each financial year. As stated in the Board Charter, the presence of at least two-thirds of the number of directors constitutes a quorum for the transaction of business.

The board meeting schedule is monitored by the Corporate Secretary to ensure that the materials are adequate and made available at least five working days in advance of the scheduled meeting to allow the Board enough time to prepare and make informed decisions. The Board agenda includes company's and group's operations and financial performance; updates on business, technological developments and the regulatory environment; and reports of the different Board Committees. These reports provide the Board with critical information on key issues, current trends, challenges and opportunities in the business and developments that may have a significant impact on the Ayala group of companies.

Discussions during Board meetings are open, with independent views given due consideration. In accordance with the company policy, Board members are required to abstain from participating in discussions on an agenda item in which they may have a conflict of interest.

The details of the Directors' attendance and number of Board meetings held in 2019 are shown on the next page. All the Board members were present during the 2019 Annual Stockholders' Meeting.

**BOARD AND BOARD COMMITTEE MEMBERSHIP
STOCKHOLDERS, BOARD, BOARD COMMITTEE MEETINGS, AND DIRECTORS' ATTENDANCE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Details	Membership and Attendance								
	Stockholder & Board			Board Committee					
Meeting	AS	BOD*	NED & ID	EC**	FC	CGNC	AC	RMRPTC	PCC
No. of meetings	1	7	1		8	4	4	7	2
Jaime Augusto Zobel de Ayala <i>Executive Director</i>	C 1/1	C 7/7	-	C	M 8/8	-	-	-	-
Fernando Zobel de Ayala <i>Executive Director</i>	- 1/1	VC 7/7	-	M	M 7/8	-	-	-	-
Delfin L. Lazaro <i>Non-Executive Director</i>	- 1/1	M 7/7	M 1/1	-	C 8/8	-	-	-	M 2/2
Xavier P. Loinaz <i>Lead Independent Director</i>	- 1/1	M 7/7	M 1/1	-	-	M 4/4	C 4/4	-	-
Ramon R. Del Rosario, Jr. <i>Independent Director</i>	- 1/1	M 7/7	M 1/1	-	-	C 4/4	M 4/4	M 6/7	C 2/2
Antonio Jose U. Periquet <i>Independent Director</i>	- 1/1	M 7/7	M 1/1	-	M 8/8	M 4/4	-	C 7/7	-
Keiichi Matsunaga <i>Non-Executive Director</i>	- 1/1	M 6/7	M 1/1	M	-	-	M 4/4	M 6/7	M 2/2
C – Chairman AS – Annual Stockholder ID – Independent Director CGNC – Corporate Governance and Nomination Committee RMRPTC – Risk Management and Related Party Transactions Committee * In 2019 and during the incumbency of the director ** The actions of the Executive Committee were taken via digital/electronic means									
VC – Vice Chairman BOD – Board of Directors EC – Executive Committee M – Member NED – Non-Executive Director FC – Finance Committee AC – Audit Committee PCC – Personnel and Compensation Committee									

Performance Assessment

Annually, the Board undergoes a formal assessment process to review and evaluate the performance of the Board, its Committees, and its individual members. The purpose of the assessment is to measure the effectiveness of the company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the company's corporate governance standards. Once every three years, an independent consultant will be appointed to assist in the evaluation process of the Board.

In 2019, AON was appointed as the independent consultant to assist in the board assessment exercise.

Each of the directors was requested to complete a self-assessment form which includes criteria such as: (1) structure of the Board, (2) shareholder benefits, (3) fulfillment of the Board's key responsibilities, (4) oversight function, (5) effectiveness of the Board's processes and meetings, (6) quality of the Board-Management relationship, (7) corporate ethics, and (8) performance evaluation.

The results of the self-assessment survey, including the comments of the directors, were compiled by the Chief Compliance Officer and reported during the Board meeting immediately following the completion of the survey.

TRAINING OF DIRECTORS

Ayala recognizes the value of providing relevant trainings to its directors and has set aside an annual budget to allow them to attend continuing professional development programs, applicable courses, conferences and seminars.

It is the policy of the company that all directors attend at least a four-hour annual continuing training program on corporate governance. Also, all new directors must undergo at the minimum an eight-hour orientation program on the company's business and structure, vision and mission, business strategy, Governance Codes and Policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance matters and other subjects essential for the effective performance of their duties and responsibilities. Each year, the Chief Compliance Officer ensures all directors undergo the necessary trainings.

As a group-wide initiative, a Corporate Governance and Risk Management Summit has been held annually since 2014. The Summit serves as a venue for collaboration, promotes the importance of strengthening the company's corporate governance structures, and acts as a continuing education program for the Board, CEOs, and senior management. For 2019, the first ever Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme "The Board's Agenda: Sustainability Shapes Corporate Governance and Risk Management" was held on August 9, 2019 in recognition of the interconnectedness of the three disciplines in ensuring responsible business growth and value creation. The Summit's aim was to increase awareness that integrating sustainability in Ayala's core strategies and governance framework allows for

better identification, mitigation and management of risks and improvement of governance practices and procedures.

In 2019, all but one of the directors and senior management met the SEC requirement to undertake corporate governance (CG) training. This is through participation in the Integrated Corporate Governance, Risk Management and Sustainability Summit and attendance in other CG trainings administered by either the Good Governance Advocates & Practitioners of the Philippines (GGAPP) or SGV & Co.

For the past six years, Ayala has partnered with the Institute of Corporate Directors (ICD) and continuously supported its advocacy to promote professional directorship in line with global principles. For the year, Ayala has sponsored ICD's programs such as the Distinguished Corporate Governance Speaker Series.

DIRECTOR COMPENSATION

The Personnel and Compensation Committee recommends to the Board remuneration packages for directors, ensuring that compensation is consistent with the company's culture, strategy, and control environment, and aligned with the long-term interests of the company and its stakeholders. Total remuneration or changes thereto are approved by the stockholders during the annual stockholders' meeting.



Ayala sponsored Institute of Corporate Directors' Distinguished Corporate Governance Speaker Series.

Executive Directors Remuneration

Ayala's CEO and COO, Jaime Augusto Zobel de Ayala and Fernando Zobel de Ayala, respectively, as executive directors, do not receive remuneration for attending Board meetings nor the fixed retainer fee for Board of Directors.

Non-Executive and Independent Directors Remuneration

Only NEDs and IDs receive director fees. The existing remuneration framework for the NEDs and IDs adopted by the company consists of a fixed retainer fee and meeting fees. The fee structure is indicated in the table below.

BOARD COMMITTEES

The Board Committees are established to allow the Board to focus on specific functions, assist the Board in the optimal performance of its roles and responsibilities and to aid in promoting good governance. The rights and responsibilities of each Committee delegated by the Board are defined in the specific Committee Charters duly approved by the Board, all of which are available on the company website. *Each Committee's composition and attendance details can be found in the table on page 39.*

For the highlights of the Committees' activities in 2019, refer to the Committees' Report to the Board of Directors on pages 206-212.

FEE STRUCTURE AND DIRECTOR REMUNERATION

FEE STRUCTURE	Retainer fee	For board	For all committees
Committee Chairman and Member	P3 million per annum	P0.2 million per meeting attended	P0.1 million per meeting attended

In 2019, the following NEDs and IDs received gross remuneration as follows:

Non-executive and independent directors	Retainer fee	Meetings' attendance fees	Gross Remuneration
Ramon R. Del Rosario, Jr.	P3,000,000	P3,100,000	P6,100,000
Delfin L. Lazaro	P3,000,000	P2,500,000	P5,500,000
Xavier P. Loinaz	P3,000,000	P2,300,000	P5,300,000
Keiichi Matsunaga	P3,000,000	P2,500,000	P5,500,000
Antonio Jose U. Periquet	P3,000,000	P3,400,000	P6,400,000
TOTAL	P15,000,000	P13,800,000	P28,800,000

None of the NEDs and IDs receive compensation from Ayala for services other than those provided as a director. They are not entitled to stock options and performance bonuses from the company.

Executive Committee

The Executive Committee is mandated to exercise the powers and perform the duties of the Board within the authority granted to it. It acts by majority vote of all its members during the intervening period between scheduled Board meetings.

Finance Committee

The Finance Committee oversees, reviews, and evaluates the financial affairs of the company. The Committee discussed, deliberated on and approved various transactions in 2019.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is tasked with ensuring that good corporate governance principles and practices are complied with and observed by the company. This includes the adoption of an effective Board process in the nomination, election, or replacement of Board members and the review of the succession plans for members of the Board and senior executives. The Committee strives to ensure that the Board composition allows it to exercise effective decision-making powers by maintaininmg a suitable number of independent directors. The Committee also makes sure that the Board is comprised of individuals whose background, skills, experience and personal characteristics meet the needs of the company and is aligned the company's strategic direction, as evidenced by the board skills matrix found in the next page.

Annually and as necessary (i.e. upon vacancy of position or when additional directors are required), the Committee recommends to the Board qualified individuals for nomination and election as directors based on the established criteria to ensure sufficient diversity in the Board and aligned with the company's vision, mission, strategic directions, its By-Laws, Revised Manual of Corporate Governance, and the rules of the SEC. For this purpose, the Committee may make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.

Audit Committee

The Audit Committee oversees matters relating to the financial statements and financial reporting process, external auditors, internal auditors, internal control, and compliance with applicable legal and regulatory requirements.

Risk Management and Related Party Transactions Committee

The Risk Management and Related Party Transactions Committee is responsible for oversight of the company's enterprise risk management

system. The Committee ensures that management maintains a sound risk management framework and internal control system to mitigate material risk exposures identified by the company. Another responsibility of the Committee is to review all material RPTs for endorsement to the Board to ensure that these are at arm's length, the terms are fair, and they will inure to the best interest of the company, its subsidiaries or affiliates, and the shareholders.

Personnel and Compensation Committee

The Personnel and Compensation Committee is responsible for establishing a formal and transparent procedure for the development of a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, ensuring that compensation is consistent with the company's culture, strategy, and control environment; and is aligned with the long-term interests of the company and its stakeholders, while remaining competitive against the market. The Committee is guided by the objective of ensuring that the level of compensation should fairly pay for the work required, considering the company's size and scope.

BOARD SKILLS MATRIX

Directors as of December 31, 2019

Industry Knowledge/ Experience	JAZA	FZA	DLL	XPL	KM	RRR	AUP
Industry Experience – Conglomerate	✓	✓			✓	✓	
Industry Experience – Other Business Holdings	✓	✓	✓	✓	✓	✓	✓
Understanding of Business Environment	✓	✓	✓	✓	✓	✓	✓
Experience, Skills, Expertise							
Accounting						✓	
Business Management (CEO, CFO)	✓	✓	✓	✓	✓	✓	✓
Legal/Regulatory					✓		
International Expertise	✓	✓			✓		✓
Finance				✓			
Economics	✓			✓			✓
Engineering			✓				
Investment Banking							✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Board Tenure							
Years	32	25	13	7*	3	7*	7*
Age							
Years	60	59	73	76	55	75	58

*Reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016

MANAGEMENT COMMITTEE

JOHN ERIC T. FRANCIA

Managing Director, President and CEO, AC Energy, Inc.

RUEL T. MARANAN

Managing Director, President, Ayala Foundation

BERNARD VINCENT O. DY

Senior Managing Director, President and CEO, Ayala Land, Inc.

JAIME AUGUSTO ZOBEL DE AYALA

Chairman and Chief Executive Officer

ALFREDO I. AYALA

Managing Director, Chief Operating Officer, iPeople, Inc.

ARTHUR R. TAN

Senior Managing Director, CEO of Integrated Micro-Electronics, Inc. and President and CEO, AC Industrials Technology Holdings, Inc.

FERNANDO ZOBEL DE AYALA

President and Chief Operating Officer

JOHN PHILIP S. ORBETA

Managing Director, Chief Human Resources Officer and Group Head, Corporate Resources

ERNEST LAWRENCE L. CU

President and CEO, Globe Telecom, Inc.

JOSE TEODORO K. LIMCAOCO

Senior Managing Director, Chief Finance Officer, Chief Risk Officer and Chief Sustainability Officer, Finance Group Head and President of AC Ventures Holding Corp

PAOLO MAXIMO F. BORROMEIO

Managing Director, Group Head, Corporate Strategy and Development President and CEO, Ayala Healthcare Holdings Inc.

SOLOMON M. HERMOSURA

Managing Director, Chief Legal Officer, Corporate Secretary, Chief Compliance Officer, Data Protection Officer, and Group Head, Corporate Governance

CEZAR P. CONSING

Senior Managing Director, President and Chief Executive Officer, Bank of the Philippine Islands

JOSE RENE GREGORY D. ALMENDRAS

Senior Managing Director, President and CEO, AC Infrastructure Holdings Corporation and Manila Water Company, Inc.



Management has created committees composed of key executives who meet regularly to discuss business performance and issues critical to the growth of the company, and to facilitate the flow of strategic and operational information among the company's decision-makers. This ensures that decision-making is always made in the best interest of the organization.

Initiatives which are reviewed and endorsed by management-level committees are discussed at length with the appropriate Board-level Committees for approval and consequently, for endorsement to the full Board for ratification.

AYALA GROUP MANAGEMENT COMMITTEE

The Ayala Group Management Committee is composed of the Chairman and CEO, the President and COO, the five Ayala

Corporation Group Heads, and the CEOs of the Ayala group companies. The Committee oversees the group strategic plan and ensures the alignment of individual business unit priorities to the group-wide direction. It meets regularly to review business performance, discuss group-wide issues and events, and identify areas of possible synergy and collaboration. *The full profiles of the Ayala Group Management Committee members can be found on pages 244-247.*

INVESTMENT COMMITTEE

The Investment Committee (IC) is composed of the Chairman and CEO, the President and COO, and key members of the company's senior management.

The IC reviews, provides direction, and gives preliminary approval for initiatives that may originate from the company or its subsidiaries specifically requiring funding from the company. Once a project clears the IC, it is endorsed for approval to the appropriate Board Committee and to the full Board.

AYALA CORPORATION MANAGEMENT COMMITTEE

The Ayala Corporation Management Committee includes the Chairman and CEO, the President and COO, and the Group Heads. The Committee approves corporate, administrative, and organizational matters that pertain exclusively to the company, as well as group-wide affairs when relevant.

OUR VALUE CREATION



**wbcsd**

Ayala sits in the Board of the UN Global Compact Network Philippines and supports the Global Compact and its 10 Principles.

Ayala is the first Philippine company to become a member of WBCSD and support its goal of transitioning to a sustainable world.

CAPITALS	HOW WE CREATE VALUE (BUSINESS ACTIVITIES) p.55-60	STRATEGY VISION PILLARS p.65-66	OUTLOOK p.63-64	MANAGED RISKS p.67-74	2019 VALUE CREATED p.62	2020 PRIORITIES p.62
Financial	A. Financial Management Strategy - Strategic Business Development - Capital Allocation - Portfolio Management - Balance Sheet Management	 Financial Strength	Rising Consumer Class	Fundamental Risks - Political and Regulatory - Brand and Reputation - Governance and Controls - Talent - Business Resiliency - Information Security and Cyber Other Key Risks - Portfolio Management - Competition - Partnerships and Alliances - Innovation and Technology - Synergy - Capital Markets - Funding	Earnings that are growing, consistent, and risk-adjusted	Strong, diversified portfolio earnings and returns amid economic cycles
Intellectual	B. Non-Financial Management Strategy Human Resource Development	 Reinvention and Growth	Growing Importance of ESG		Maintained market leadership and strengthened expertise in our businesses	Positively disrupt, transform industries, and impact the markets we serve
Human	- Corporate Governance - Stakeholder Management - Risk Management	 Geographic Expansion	Digital Transformation		A competent workforce of more than 72,000 direct employees across our businesses	Continue to be the employer of choice for a highly engaged employee base
Social and Relationship	Brand Management	 Stakeholder Empowerment	Structural Reforms		Partner of choice, with our businesses having maintained strong partnerships with over 40 leading local and global companies	Sustain ongoing relationship with existing business partners while keeping our doors open for new ventures and partnerships
		 Business Leadership	Growth Potential Across the Region			
			Threat of COVID-19			

	MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
CORE VALUE DRIVERS								
 44.5% Leading and most diversified property developer in the country with the largest landbank p.131-132	• Growing middle class • 60 percent of population seen to belong to workforce by 2040 • Rising per capita income • Availability of long-term rate mortgages • Continued build-up of infrastructure projects	Natural Intellectual Manufactured Social and relationship Human Financial	• Increase recurring income contribution to achieve a more balanced portfolio • Launch an optimal mix of horizontal and vertical projects for sale	• Estate development • Property development • Commercial leasing • Construction and property management • Strategic investments	• Deliver on target pipeline • Launch products attuned to market demand	• Two new malls and one amenity retail • Three new offices • 797 new hotel rooms • 48 property development projects launched	• Deliver on target pipeline • Launch products attuned to market demand	Quality homes and venues for business and leisure that support communities, create jobs, protect the environment, and boost economic activity
 48.6% Pioneering financial institution, one of the most profitable banks in the Philippines p.137-138	• Household consumption will likely continue to be the main driver of growth but will get crippled by COVID-19 • Capital Expenditure may fall as business will likely prioritize liquidity to cushion impact of COVID-19 • Tourism, airlines, real estate, transport and manufacturing may decline • Demand for investment safe haven like USD will increase, currencies like PhP may weaken • Decline in imports and remittance	Financial Manufactured and Intellectual Human Social and Relationship Natural	• Achieve asset growth in high-margin business • Grow Current and Savings Accounts • Moderate branch expansion • Increase digital platform active users	• Capital raising, advisory, and financing • Growing assets • Insuring life and assets • Other financial services	Increase loans by: 20 percent or more for SME loans; 15-19 percent for consumer loans; 50 percent for microfinance loans Grow deposits by 10%; CASA ratio by 70 percent or more Build 10-15 new BPI branches; 100 new BanKo branches	6 percent increase in SME loans; 13 percent increase in consumer loans; 100.3 percent increase in microfinance loans 6.9 percent deposits growth 69.1 percent CASA ratio 11 new BPI branches built; 100 new BanKo branches built	SME, consumer and microfinance loans continue to be a strategic priority. However, aggressive growth rates for 2020 will no longer apply in a post-Covid scenario. Growth of deposits to be dictated by market conditions and funding requirements in a post-Covid scenario 5-10 new branches, under review in 2H 2020	Financial inclusion and wellness, scale-up enterprises, and spur investments that directly impact clients and communities
 Purveyor of the Filipino digital lifestyle supported by a robust telecom infrastructure p.142-144	• Consumers continue to favor data for their communication needs; decline in voice and SMS services • Increase in fixed-line industry demand for data • Corporate and Enterprise clients require solutions that drive business growth and protect information and assets • Changing market dynamics with entry of the third telco player	Financial Manufactured Intellectual Human Social and Relationship	• Accelerate network rollout • Increase household penetration/ Habituate and monetize • Develop new ICT capabilities/New and profitable revenue streams • Develop an agile workforce	• Build the network of choice • Focus on the customer • Digitally transform businesses • Put people first	Connect household to internet through wireless home broadband Launch 5G technology Create content-driven experience for customers Improve digital sales and care channels Provide digital technology to help business flourish Create high-performing organization	2 million home broadband customers 94.2 Million Mobile Subscribers Launched home air fiber 5G services Partnered with One, NBA, Netflix, Spotify and others 38.4 Transactional net promoter score versus 34.5 in 2018 Provided business solutions to SMES and large enterprises Deployed go wifi 88 percent Organizational Health Index Score	Connect household to internet through wireless home broadband Launch 5G in homes and central business districts Continue to build partnerships for content-driven experience Improve customer experience via hyper-targeted rewards; use omni-channels Transform trade/distribution experience, beyond telco products Maintain high-performing organization	Digital lifestyle and digital solutions to support small, medium, and large enterprises
 100% Fast growing regional energy platform with investments in renewable and conventional power assets and development, operations, and retail supply capabilities p.149-150	• 15 GW of renewables to be built by the country in the next decade • Continuous increase in electricity demand • Improvements toward renewable energy cost and efficiency	Financial Manufactured Human Social and relationship	• Expand in high growth regional markets • Leverage both internal development capabilities and strategic partnerships • Actively recycle capital	• Development platform • Commercial generation • Retail electricity supply/ commercial operations	• Expand in high growth regional markets • Reinvest capital to enable expansion of domestic and international renewable energy businesses	• Commissioned solar projects in Vietnam • Acquired additional stake in local solar wind plants • Acquired controlling stake in PHINMA Energy • Awarded two power supply contracts with Meralco • Divested on coal assets • Issued green bonds with IFC and ADB	• Build new solar and wind projects • Complete corporate restructuring of AC Energy Philippines • Strengthen and grow partnerships • Deploy US\$ 1 Billion capital from green bonds and from divestment value realization	Reliable, cost-efficient energy to power customer requirements in the Philippines, Indonesia, and Vietnam.

	MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
PORTFOLIO INVESTMENTS								
 51.4% Regional player in water infrastructure services and development p.155-156	- Water shortage will continue to be a challenge, aggravated by climate change and increase in population and density - Wastewater treatment becomes increasingly important for its role in raw water supply replenishment	Financial Manufactured Human Natural Social and Relationship	- Advocate water security and sustainability - Support MWSS in water source projects - Expand the capacity and coverage of wastewater services	- Water utility operations - Bulk water supply - Total water solutions	- Operationalize Cardona Water Treatment Plant - Increase utilization of used water treatment plants - Close new projects in ASEAN and neighboring regions	- Operationalized the Cardona Water Treatment Plant - Attained 30 percent sewer coverage in Manila Concession	- Ensure equitable distribution of water - Complete ongoing water supply augmentation projects - Further increase wastewater services coverage	Water and wastewater services and capital improvements across Philippine operations and Manila Water Asia Pacific
 100% Industrial technologies investments focused on electronics manufacturing, vehicle retail, and enabling technologies p.161-162	- Tougher operating conditions in the US and in China due to intensifying trade conflicts - Increasing digitization and connectivity leading to higher demand for electronic devices - Shortages of materials and more demanding customer cycle times - Philippines will remain a valued destination to many automotive manufacturers - Key technology transformation such as autonomy, sharing, and smart technology will shift industry profitability	Financial Manufactured Intellectual Human Social and Relationship	- Create and grow larger-scale operations - Incorporate high-tech investments	- Portfolio management - Global manufacturing services - Emerging technologies development - Vehicle distribution and retail	- Support IMI expansion - Relaunch Kia brand - Open new export markets for KTM	- IMI operations remain stable ending at over US\$ 1 billion - Kia brand relaunched, gaining 124 percent increase in sales within 11 months of operations - KTM Philippines produced 6,800 motorcycles and exported 70 percent of them	- Support growth of IMI's core businesses - Enhance market position of various automotive brands - Scale-up STI's operations and create synergies with IMI - Stabilize the business while retaining start-up agility	Enhanced manufacturing quality and advancement of technology for sustainable solutions
 100% Portfolio of key infrastructure projects and public-private-partnerships (PPPs) in the country p.167-168	- Increased PH public infrastructure spending - Expected growth in efficient and reliable logistics - Growing preference for more convenient and cashless modes of financial transactions	Financial Manufactured Intellectual Human Social and Relationship	- Ensure high levels of efficiency for operating companies - Propose strategic projects to government - Expand portfolio of non-PPP businesses	- Project development - Implementation and business start-up - Efficient operations - Talent and leadership development	- Increase annual daily traffic in MCX - Improve LRT-1 passenger experience - Expand to 1,000 beep-enabled bus and jeepney units - Secure NEDA Board approval and undertake Swiss challenge for NAIA rehabilitation	10 percent increase in daily traffic in MCX - Increased to 116 operating light rail vehicles 15 bus operator and 14 PUV operator partners for beep™ - Secured NEDA Approval for the NAIA rehabilitation project 14 percent monthly growth in volume for Entrego	- Increase MCX daily traffic to 38,000 20,000 passenger per hour direction for LRT-1 - Additional partners for beep™ - Grow AC Infra's logistics portfolio business	Resilient infrastructure to facilitate movement of people, and support faster and reliable movement of goods.

	MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
LONG-TERM VALUE DRIVERS								
SOCIAL INFRASTRUCTURE								
 100% Developing an integrated ecosystem focused on affordable medicine and access to healthcare services p.173-174	• Clearer national policy on cancer care and primary care coverage will help stabilize the business environment • Decreased clinic visits out of fear of exposure to COVID-19 • Shortage of medicines (i.e. preventive) and supplies from increased demand and disruption of global supply chains • Outlook remains cautious and general slowing in overall growth of the industry is anticipated	Financial Manufactured Intellectual Human Social and relationship	• Establish leadership in the pharma space • Be the largest integrated clinic network in the country • Invest in health technology solutions that enable synergies across AC Health • Build the AC Health portfolio	• Asset performance • Portfolio building and business development • Synergies	• Over 900 drugstores • 80 FamilyDOC clinics • Expand portfolio of health technology solutions • Expand pharmacy portfolio • Invest in hospitals and specialty care	• 804 Generika drugstores • 74 FamilyDOC clinics • Invested in Fibrnostics • Relaunched AIDE app • Invested in IE Medica and MedEthix • Acquired Healthway Philippines	• Secure supply of medicines and PPE • Maintain operations for non-COVID-19 patients; enhance detection of suspected COVID-19 cases • Integrate clinic network, partner with hospital networks • Promote telemedicine and connect with physical stores	Affordable healthcare for underserved sector
 33.5% Investing in educational institutions to deliver high quality education and improve access, across multiple socio-economic segments p.179-180	• Highly regulated and fragmented PH education industry • Second batch of college freshmen since 2015 • Increased government allotment for education subsidies and vouchers	Financial Manufactured Intellectual Human Social and relationship	• Improve enrollment process • Provide access to needs of students for learning • Ensure quality education • Maximize opportunities for synergy across the schools	• Marketing, sales, and expansion • Content and curriculum development • Career and placement services • Talent development	• Continue enrollment growth • Improve employability results	• Over 59,300 students vs about 38,000 before merger • About 24,000 (41 percent) scholars and government subsidy beneficiaries	• Increase re-enrollment rate and new student recruitment • Improve employability rate and starting average salary • Identify areas for synergy and innovation across schools	Quality private education with opportunities for potential employment
 100% Holding company for Ayala's investments in international estate, as well as opportunities in disruptive sectors and emerging business models p.185-186	• Young and tech-savvy population • ASEAN internet economy to reach \$300 billion by 2025 • PH with second largest internet user base • Myanmar liberalizing its economy	Financial Manufactured Intellectual Human Social and relationship	• Enable new opportunities for the Ayala group • Gear up tech businesses for scale and profitability • Strengthen AG Holdings' offshore investments	• Explore new disruptive trends, businesses, and relationships • Enable adjacencies and synergies that complement the strategies of current businesses	• Look out for disruptive trends and their investment opportunities • Strengthen partnerships, explore opportunities in real estate sector	• Setup ACTIVE fund • Gained exposure in Myanmar • Attained positive margins for Zalora • Grew Mynt active user base • Entered into the Cartera JV with BPI and Indivara	• Deploy first investment from the ACTIVE fund • Engage with Yoma group and identify co-investment opportunities • Launch Cartera platform • Expand Zalora and Mynt • Continue to explore opportunities in real estate	Growth in Ayala's portfolio of businesses by exploring and entering disruptive industries
SOCIAL DEVELOPMENT								
 The conglomerate's social development arm with key program areas in education, youth leadership, sustainable livelihood, and the promotion of arts and culture p.191-192	• Philippine civil society organizations remained stable despite challenges on legal environment, advocacy, and public image	Financial Manufactured Intellectual Human Social and relationship Natural	• Strengthen alignment with conglomerate • Focus on stronger community engagement • Make an impact on the country's development goals and in national pride • Improve efficiency of internal processes and build a strong talent pool • Measure impact using SROI framework	• Education programs • Arts and culture • Youth leadership • Sustainable livelihood • Employee engagement	• Align with Ayala group especially in volunteerism and CSR • Strengthen community programs • Continue conversations on nation building • Train employees as community development advocates • Integrate SROI measurement in projects	• Facilitated volunteerism initiatives and partnerships with Ayala businesses • Strengthened presence of key programs • Brought Maging Magiting program to 17 regions • Acknowledged by Philippine Council for NGO Certification (PCNC) for service excellence • Secured level-one certification from Social Value International	• Continue strong alignment with Ayala group • Strengthen reach of key programs • Continue conversations on nation building • Train employees as advocates for community development • Integrate SROI measurement and introduce to Ayala group	Community development by bridging business needs and community aspirations

OUR STRATEGY

Ayala addresses structural and societal gaps in the Philippines by building impactful businesses and transforming its industry-leading subsidiaries. Our long-term value creation is driven by strategic business development, a robust capital allocation process, active portfolio, and balance sheet management, with sustainability at our core.

We have a strong track record of building impactful businesses and steering their strategic transformation as industry-leading players. We identify opportunities in sectors that are either in nascent stages or are undergoing disruption to create strong franchises. We explore new sectors, geographies, and expert partners to develop new business models where we can innovate and unlock our unique advantage.

Our strategy execution is driven by four elements: Our *strategic business development* agenda continues to refine our existing business strategies and to identify new opportunities by leveraging our financial, intellectual, human, and social and relationship capital. Our *robust capital allocation* process utilizes quantitative and qualitative criteria and a multi-step management approach to fund new or existing businesses. We employ *active portfolio*

management and continue to rebalance our holdings to crystalize value. Finally, our *active balance sheet management* is the engine that allows us to stay nimble and drives our capacity to grow.

These four are done in the context of key global, regional, and local trends that we believe will impact markets, sectors, and businesses in which we choose to invest and operate.

Our management approach and constant reinvention has cemented our business leadership over the past 185 years. We are addressing the societal gaps through the company’s investment portfolios in healthcare, education, and infrastructure.

Our financial management strategy is rooted in discipline and a conscious alignment to the vision of Ayala to be the most relevant, innovative, and enduring business group. Using the five vision pillars as a guide, management gains a better understanding of how decisions on capital allocation, portfolio management, business development, and balance sheet management impact the overall strategy, allowing the company to be agile and ensure its longevity.

5 Vision Pillars					
	 Financial Strength	 Reinvention and Growth	 Geographic Expansion	 Stakeholder Engagement	 Business Leadership
Strategic Business Development	✓	✓	✓		✓
Capital Allocation	✓	✓	✓	✓	✓
Portfolio Management	✓	✓	✓	✓	✓
Balance Sheet Management	✓			✓	✓

STRATEGIC BUSINESS DEVELOPMENT

In Ayala, we constantly look for new investment areas, identify opportunities, and assess emerging markets and economic trends. This process includes a thorough analysis of the performance of a business and weighing this against the competition, the business landscape, and the approved budget plan. The objective is to refine capital allocation depending on performance, and if needed, suggest changes to the business plans or strategies.

In November 2019, we invested US\$237.5 million in Myanmar through a 20 percent ownership stake in the Yoma Group. Myanmar is among the ASEAN’s fastest growing economies but remains underpenetrated. This long-term investment in Myanmar supports our belief in the country’s growth potential and the prospects of the region in general. We partnered with the Pun family’s Yoma Group because they are a conglomerate of high regard and with values that align with ours.

All investment proposals that progress beyond the Corporate Strategy and Finance groups are presented to the Investment Committee. The Investment Committee is composed of Ayala’s key senior officers and may invite other senior group executives to provide insight. The Investment Committee then reviews the business plan and the strategy for execution. A thorough discussion on risks is carried out and responsible persons are identified to execute the business plan. If the Investment Committee approves the proposed investment, it is then endorsed to the Finance Committee of the Board.

CAPITAL ALLOCATION

In practice, investment decisions are weighed against whether they can deliver significant value over time. We follow a rigorous process that evaluates opportunities and tests for business

and financial viability. Management provides the needed capital to the approved business plan and designates a responsible management team to carry out the implementation. Business performance is reviewed on a regular basis and our gating process involves many groups within the company, including Corporate Strategy and Development; Finance; a management-led Investment Committee; the Board’s Finance Committee; and the Board of Directors.

PORTFOLIO MANAGEMENT

Our portfolio consists of companies in various stages of development. Our core businesses Ayala Land, BPI, Globe, and AC Energy are capital self-sufficient and have access to various sources of funding, while our emerging businesses rely on equity infusion from Ayala. As the emerging companies grow and become more profitable, they are able to access other avenues of funding. For its part, Ayala provides the critical support beyond equity capital including strategy, treasury, corporate finance, audit, legal, and human resources.

The Management Investment Committee and the Board’s Finance Committee review the performance of each business unit through a portfolio strategy cycle throughout the year. This starts with a Group CEO session to align on our outlook, then a portfolio review process to study our existing assets set against the current macroeconomic backdrop, regular deep dives on specific business units, and a review process to assess performance against annual targets. This robust process provides management the platform to assess whether to allocate more capital to a business or rebalance our holdings to solidify value.

BALANCE SHEET MANAGEMENT

Over the years, Ayala has built a portfolio of core businesses that served as sources for our operating

expenses, interest obligations, and dividend expectations while enabling us to raise capital to fund new enterprises.

Our balance sheet is the engine that drives our capacity to grow. As such, we ensure that it remains strong with significant debt capacity and a well spread out maturity profile that gives us the flexibility to fund future growth opportunities. This is augmented by an optimal foreign exchange and interest rate mix and a healthy cashflow adequacy ratio.

Ayala's loan to value ratio, which compares our net debt to the market value of our investments, is a good measure of our relative indebtedness and our capacity to take on or service our obligations. At the end of 2019, our loan to value ratio decreased to 6.5 percent from 11.8 percent in 2018. The decrease was largely attributed to the maturity of our US\$300 million exchangeable bond in April 2019. The dividends Ayala received from AC Energy's sale of thermal assets were also used to repay US\$380 million from our bilateral facilities.

Our current loan to value ratio (LTV) remains low and indicates that for every ₱6.50 of debt we carry, we have ₱100 of assets behind it. The LTV does not include the impact of our fixed-for-life perpetual bonds as these are perpetual securities and do not have to be repaid. Gross debt increased to ₱105.8 billion, offset by an end-2019 cash balance, which brought net debt to ₱83.2 billion. At the parent level, net debt to equity ratio went down to 0.63 to 1.

We continue to manage our obligations to ensure that we are not overly exposed to market liquidity, foreign exchange, and interest rate risks. Our average cost of debt rose slightly to 5.4 percent per annum following a period of rising interest rates in the first half of 2019. At year end, our debt maturities are well-spread out and in compliance with our internal policy of not having maturities exceeding 20 percent of total debt annually.

Our fixed to floating rate mix of 91/9 reflects our strategy of capitalizing on lower interest rates during the latter part of 2019 and puts Ayala in a favorable position in a rising rate environment. Peso obligations are 62 percent of our total obligations and our US dollar denominated obligations are more than offset by US dollar cash and long-term foreign currency investments.

Related to our investments on new growth ventures, we are confident in the long-term value creation of the company. In May 2019, we purchased 3.8 million of our common shares from Mitsubishi Corporation for ₱3.2 billion. On December 5, 2019, the Board approved a new buyback program and allocated ₱10 billion for the purchase of Ayala Corporation shares. We purchased 673,000 of our common shares for ₱545 million as of year end, reflecting our confidence amid challenging market conditions.

Our sound debt management practice allows us flexibility in our investment decisions. Our strategy as regards to debt is to raise debt opportunistically in the public markets and rely on strong and transparent banking relationships in the loan markets. In October 2019, the drop in interest rates provided an opportunity for Ayala to return to the international capital markets. We raised US\$400 million from the issuance of a second fixed-for-life perpetual bond at a coupon of 4.85 percent. The offering was the second fixed-for-life notes issuance in Asia Pacific for 2019 and the lowest yielding of its kind out of Southeast Asia.

In November 2019, we tapped the domestic capital markets and raised ₱15 billion from our preferred shares issuance. Pricing was 60 basis points over the 5-year Bloomberg Valuation (BVAL) benchmark with a final computed rate of 4.8214 percent - the tightest for a preferred shares issuance. The offering was also the largest domestic fund-raising exercise done by Ayala in recent years, receiving the highest participation from the PSE trading participants in recent preferred share offers.

Our strong credit is shown in our capital raising and supported by wide access to bank loans. We maintain committed lines from both local and foreign banks that ensure we have sources of funds available when needed.

Our debt policies ensure that we can comfortably service our interest and operating expenses, meet maturing obligations, and have the confidence to face or take advantage of market downturns. The policies include:

1. Maintaining a pre-defined cash flow adequacy ratio, to ensure cash we receive at Ayala is sufficient to meet all our cash obligations arising from expenses, interest, and dividends.
2. Maintaining a maximum loan to value ratio, which measures the ratio of our net debt to the total

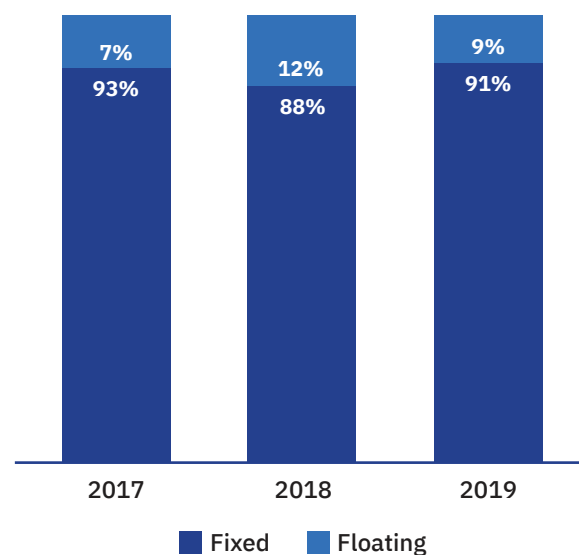
value of our assets. Tracking this ratio daily provides management and the Board a measure as to how much of our value is funded by debt. It is also a tool during a market downturn, as it helps in decision-making whether we should sell assets to prune our debt levels or take on additional debt to buy undervalued assets.

3. Maintaining a maximum amount of debt due each year where our debt maturities are spread out across many years, to avoid concentration in a single year. This ensures that an external event that might affect refinancing in any given year does not cause significant problems.
4. Hedging is done if non-peso debt is used to fund peso investments. For prudence, foreign currency denominated debt is used to finance foreign-currency denominated investments.

Issuer	Type	Amount	Coupon	Issuance	Maturity	Details
Ayala	Preferred shares Pref B Series 1 (ACPB 1)	₱10.0Bn	5.2500%	November 15, 2013	Perpetual	10th year repricing: 5-year BVAL + 150bps 15th year repricing: 10-year BVAL + 300bps
	Preferred shares Pref B Series 2 (ACPB2R)	₱15.0Bn	4.8214%	November 29, 2019	Perpetual	5th year repricing: 10-year BVAL + 300bps
	Voting Preferred Shares (non-listed)	₱200.0Bn	3.6950%	May 20, 2010	Perpetual	Every 3rd year repricing: 3-year BVAL
	10-year Putable Bond, Fixed Coupon	₱9.9Bn	6.8000%	May 12, 2011	May 12, 2021	First put option: May 12, 2016 (up to 20% of outstanding) Second put option: May 12, 2019 (up to 100% of outstanding)
	15-year Callable Bond, Fixed Coupon	₱10.0Bn	6.8750%	May 11, 2012	May 11, 2027	May 11, 2022 (at 101.000%) May 11, 2023 (at 100.750%) May 11, 2024 (at 100.500%) May 11, 2025 (at 100.375%) May 11, 2026 (at 100.250%)
	7-year Callable Bond, Fixed Coupon	₱10.0Bn	3.9200%	July 7, 2016	July 7, 2023	Callable on January 7, 2022 (at 100.250%)
	8-year Callable Bond, Fixed Coupon	₱10.0Bn	4.8200%	February 10, 2017	February 10, 2025	Callable on August 10, 2023 (at 100.250%)
AYCFL TOTAL (guaranteed by Ayala)	Perpetual Bond, Fixed Coupon	US\$400.0Mn	5.1250%	September 13, 2017	Perpetual	Callable on September 13, 2022 (at 100.250%)
	Perpetual Bond, Fixed Coupon	US\$400.0Mn	4.8500%	October 30, 2019	Perpetual	Callable on October 30, 2024 (at 100.250%)

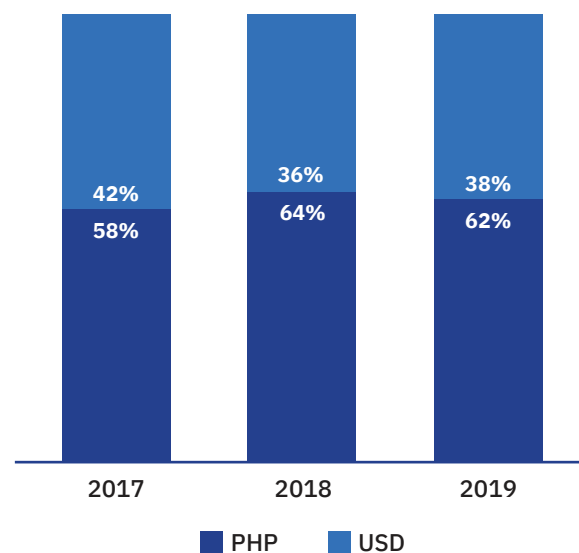
FIXED/ FLOATING RATE DEBT MIX

Percentage of Total Parent Debt including Debt Guaranteed by Parent



CURRENCY MIX OF DEBT

Percentage of Total Parent Debt including Debt Guaranteed by Parent



5. Maintaining a minimum ratio of fixed rate loans to floating rate loans to ensure that our cost of capital carries a similar characteristic with our long-term investments.

SHARE PRICE PERFORMANCE

The Philippine economy as a whole was coming from a year of underperformance, and was expected to rebound in 2019 on the back of lower inflation rates and higher government spending. Coupled with the easing policy set forth by the then new BSP head Benjamin Diokno, outlook for the economy was widely positive. However, while inflation rates did

drop to the target range of the government as early as the first quarter of the year and several rate cuts were implemented by the central bank, sentiment slowly deteriorated as internal and external headwinds weighed down GDP growth, which ended at 5.9 percent and below the government's full year target of 6 percent to 6.5 percent. In particular, a delay in passage of the national budget hampered government spending in the first part of the year.

The PSEi was flattish throughout 2019 given these factors and registered a low-single digit growth by the end of the year. Ayala's share price tracked the index's movement for the most part, exhibiting alternating upswings and downswings for the first seven months during which it traded at an average of ₱910, near its start-of-the-year levels of ₱906. Amongst the most notable events that affected Ayala's share price in that period happened in the first month of 2019 when the company was trading at its peak of nearly ₱1,000. In mid-January, Mitsubishi Corporation, the company's second largest shareholder, sold AC shares worth ₱11.7 billion at ₱900 per share. Ayala's volatile share price continued in February when MSCI announced that it would rebalance, in three tranches, towards China A shares. This effectively reduced weights of other component markets in the MSCI including the Philippines. The Ayala group also saw unfavorable sentiment due to the water supply shortage in March, which affected Manila Water and the temporary outage of banking services of BPI due to its system upgrade in April. Further, by the time first half earnings were reported in August, concerns on IMI's worse than expected losses and Ayala Land's residential sales performance became an added concern for investors, exacerbating the outlook for the parent company. The market also perceived AC Energy's divestment gains from its sell down of some thermal plants a one-off and a reduction of the power company's ability to generate core earnings.

By September, despite the strong results of BPI, Globe, and Ayala Land, Ayala started to lag versus the index, which sustained its flattish trajectory. As investors started to digest mid-year earnings, the company's share price started to move downwards but it was not until November, around the same time the Yoma transaction was announced, that Ayala saw the biggest drop in value at the ₱850 level. The buy-in into the Myanmar-based company had mixed feedback from the investment community,

leading to more uncertainty towards the group. In December, this was further amplified when the government threatened to revoke the contracts of the incumbent water concessionaires on the grounds of onerous provision in the deals, effectively also dampening sentiment in the country. While these were happening, concerns on the novel coronavirus was starting to emerge, establishing the storyline for perhaps the biggest global headwind for the incoming year. The PSEi ended 2019 at 7,815.26, up roughly 4.35 percent while Ayala's share price tallied at ₱785.50, down 13.3 percent.

DIVIDENDS

Ayala's policy is to provide a regular fixed semi-annual cash dividend to common shares. For voting preferred shares, the dividend rate is 5.77 percent per annum. For non-voting Preferred B Series 1 and Series 2 shares, the dividends are given at 5.25 percent and 4.82 percent per annum, respectively. It is the company's policy to treat all shareholders equally, ensuring payment of dividends in an equitable and timely manner—within 30 days after being declared and finally cleared.

In 2019, we declared total dividends per common share of ₱8.30, 20 percent higher compared to the previous year. We understand that our shareholders view our dividends as a regular source of both income and capital returns and strive to maintain consistent distributions from year to year. Moving forward, we will continue to revisit potential sustainable increases in the regular dividend rate, with the continued capacity to make new or additional investments as the primary consideration.

NON-FINANCIAL MANAGEMENT STRATEGY

The other component that defines the way we do business is our commitment to sustainability. Our non-financial management strategy revolves on **human resource development** with the belief that our employees are our primary customers and their welfare is our priority, **corporate governance** which makes sure that we comply with policies and regulations required of responsible companies, **stakeholder management** where we operate with the welfare of our stakeholders in mind, **risk management** which gives us the balance and cautions us as we keep our balance sheet strong, and **brand management** where our mindset is that everything we do affects our brand and reputation.

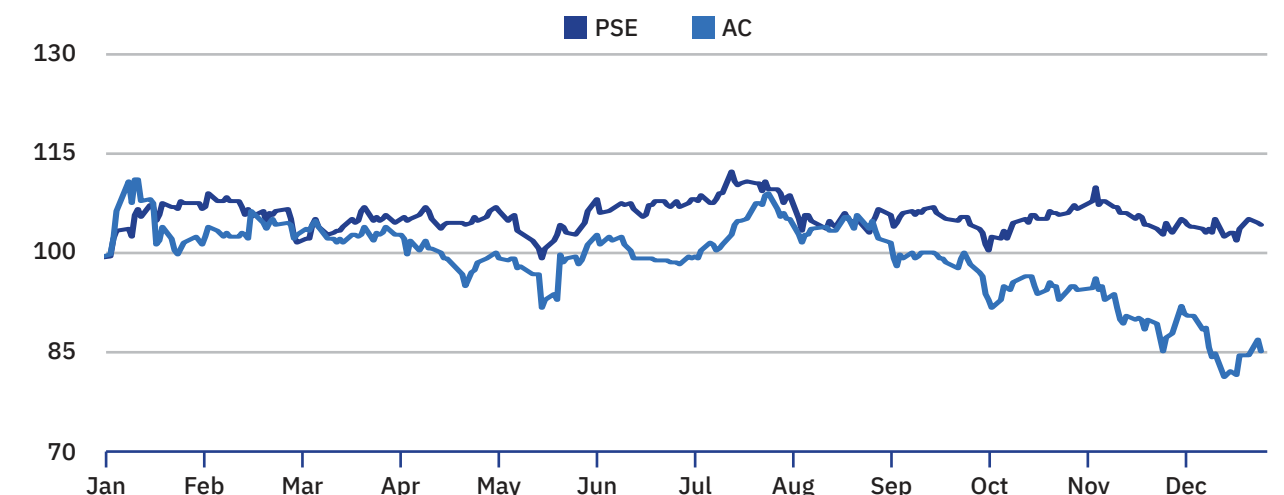
With these, Ayala annually looks at environmental, social, and governance performance as aligned with its Sustainability Reporting Framework. Moreover, Ayala also monitors how it creates shared value and ensures that it significantly contributes to the UN Sustainable Development Goals through the commitments set in the Ayala Sustainability Blueprint.

As our financial management strategy helps us be financially strong to grow and expand, our non-financial management strategy helps us ensure that we remain relevant despite the fast-changing business and social climates. Both strategies are given equal importance in Ayala and drives the group to be continually resilient and innovative.

More discussion on non-financial matters can be found in the succeeding pages within the Our Value Creation section.

AC SHARE PRICE PERFORMANCE VERSUS PSE

2018 year-ended = 1000



OUR BUSINESS MODEL

VALUE WE DRAW FROM	WHAT WE DO	VALUE WE CREATED IN 2019	TARGETS FOR 2020
 FINANCIAL CAPITAL Strong financial position including: - Reliable operational cash flow - Affordable, reliable access to debt supported by a robust capital allocation process	Financial Management Strategy Strategic Business Development - We continue to explore new sectors, geographies, and expert partners to develop new business models that will drive our growth - We identify partnership opportunities among our business units and create an environment for collaborative innovation Capital Allocation Using quantitative and qualitative criteria and a multi-step management approach, we allocate financial resources to businesses we believe provide the best risk-adjusted stakeholder returns over the long term Portfolio Management We carefully evaluate the performance of our subsidiaries vis-à-vis market behavior to guide decisions on investments or divestments in a timely manner Balance Sheet Management We maintain a healthy balance sheet with significant debt capacity and a well spread out maturity profile, which gives us the flexibility to fund future growth opportunities. This is augmented by an optimal foreign exchange and interest rate mix and a healthy cashflow adequacy ratio Non-Financial Management Strategy Human resources development We continue to build competencies to support the growing requirements of our businesses Corporate governance We continually improve our policies and monitor our practices to ensure we are at par with the best standards of corporate governance Stakeholder Management We continue to listen to our stakeholders and keep them informed on matters important to their decision-making Risk Management We continue to elevate risk management as an essential consideration in every decision, activity, and initiative of the company Brand Management We continue to build and protect our brand by ensuring we deliver on our promise, and effectively communicate what we stand for as a company	- Earnings that are growing, consistent, and risk-adjusted - Net Income of ₱35.3 billion - Return on Common Equity of 11.9 percent - Reliable dividends and total shareholder returns - Market capitalization of ₱492.3 billion at end-2019, the third largest among conglomerates - Loan to value ratio decreased to 6.5 percent from the 11.8 percent in 2018 - Average cost of debt at 5.4 percent per annum, but ensured to be well-spread - Issuance of the second opportunistic US\$400 million fixed-for-life (FFL) bond; matched long-term funding for strategic investments - Call and Re-issuance of ₱15 billion Preferred shares at record spread level - Maintained market leadership and strengthened expertise in our businesses, including: - Ayala Land in integrated mixed-used master planned communities - BPI as a trusted financial services provider, focused on financial inclusion - Globe in wireless market and as a purveyor of the Filipino digital lifestyle - AC Energy as a regional player in energy development and power generation - A competent workforce of more than 72,000 direct employees across our businesses - Good quality of life for employees and their families - Developing future Ayala leaders - Management excellence as evidenced by award-winning teams across Finance, Governance, Strategy, and Strategic Human Resources - Partner of choice, with our businesses having maintained strong partnerships with over 40 leading companies in the Philippines and from across the globe - Satisfied shareholders and stakeholders - Strong and recommended Ayala brand	- Strong, diversified portfolio earnings and returns amid economic cycles - Net Income: ₱50 billion - Return on Common Equity: 15 percent - Market Capitalization rank: 1st or 2nd - Continue to strengthen Ayala's Balance Sheet; optimum funding in a volatile market environment, manage financing cost at 5.4 percent or even lower - Maintain a high level of Liquidity of at least ₱20 billion, to support budgeted allocation and new investment opportunities - Explore opportunities for yield enhancement, and increased focus on Asset and Liability Management and credit management - Positively disrupt, transform the industries, and impact the markets we serve - Continue to be the employer of choice for a highly engaged employee base - Maintain an empowering and motivating environment that allows people to effectively leverage their knowledge, relationships, and expertise to drive value - Prepare workforce for potential disruption from increasing adoption of digital technology in business - Sustain ongoing relationships with existing business partners while keeping our doors open for new ventures and partnerships - Ayala remains a strong and trusted brand
 INTELLECTUAL CAPITAL - Deep expertise of Philippine ecosystem and key industries - Corporate culture focused on lifelong learning - Robust governance and risk approach			
 HUMAN CAPITAL - Best-in-class talent across departments and disciplines - Diversity of talent, including global perspective and mindset			
 SOCIAL AND RELATIONSHIP CAPITAL - Strong relationships with a vast network of business partners, investors, communities, academe, and other relevant entities - Strong, trusted Ayala brand			

OUR OUTLOOK

Ayala defines its strategy in the context of key global, regional, and local trends that we believe will impact markets, sectors, and businesses in which we choose to invest and operate. We monitor the evolving macro-political environment and adapt our strategy posture and investment decisions to ensure we remain in the best position to leverage and mitigate the impact of these factors.

RISING CONSUMER CLASS	
Description	The Philippines continues to be a consumption-driven economy. With tailwinds from lower inflation and interest rates, and with an increasing number of Filipinos entering the labor force, we expect consumption to remain strong as we look ahead into the next decade. Our demographic dividend of a young and large population is further augmented by continued strong remittances, expansion of industries, and rising average incomes. Alongside these is the growth of small and medium-sized enterprises, which help spur economic activity within their own communities. These factors fuel a growing base of urbanized, middle-income, and affluent consumers who will continue to unlock demand for products and services.
How our strategy addresses this	We continue to prioritize the Philippines with most of our businesses positioned to both contribute to and grow alongside the country’s development. Our core business units continue to cater to the banking, telecom, real estate, and utility needs of the growing consumer class. Furthermore, each of these core units continues to explore ways addressing the needs and demands of a broader market – such as expansion of microfinance services of BPI through Banko, and providing a broad array of residential options, including dormitory-style living of Ayala Land. As a group, we are also evaluating ways to better serve and support small and medium enterprises across our network and supply chains.
GROWING IMPORTANCE OF ESG	
Description	We believe that to create sustainable and long-term value, private enterprises must continue to strive for deeper engagement with society to address various environmental, social, and governance issues we face today. These issues include marginalization, large untapped potential of our human capital, climate change, and irresponsible growth leading to lasting environmental damage. In response to such issues, we see a trend towards more inclusive businesses models, practices to reduce carbon footprint, and industries that promote sustainable use of resources, such as renewable energy. We also see more professional investment management firms increasing their focus on socially responsible investing strategies.
How our strategy addresses this	We are increasingly deliberate about our contributions to the United Nations Sustainable Development Goals, which we first outlined in our Sustainability Blueprint: Bridging the Filipino to 2030. As a group, we have identified three journeys where our businesses together aim to make tangible and lasting impact: access and inclusivity, productivity and competitiveness, and responsible growth and innovation. Each business unit has committed to actionable and measurable initiatives, and we continue to push for group-wide synergies across initiatives such as in waste management and climate action. We advocate carbon reduction across multiple businesses and are focused on measuring our impact by increasing our efforts on SROI and institutionalizing the SDGs as a performance metric for our leaders.
DIGITAL TRANSFORMATION	
Description	Increasing access to technology has driven a shift in the demands and lifestyles of consumers, which requires innovations in both product and service delivery. To fulfill these ever-evolving demands, new ecosystems – such as e-commerce, fintech, and on-demand logistics – have taken shape and continue to mature. We expect competitive landscapes to continue to evolve as technology-enabled challengers enter traditional industries to deliver new products and services in innovative ways.
How our strategy addresses this	Over the years, we have built a culture of innovation across the group. We continue to empower our business units to embark on their own digital transformation journeys while remaining cognizant that the pace and scale of transformation varies. As we explore new business models and find ways to integrate digital tools into our businesses, we place greater emphasis on those that will allow us to serve our customers better, and those which help reduce costs and frictions within the organization. A key component of this digital journey is continuously upskilling our talent pool, and a core capability we have started to build is in the field of data analytics with the establishment of a center of excellence to drive data initiatives across the group.

STRUCTURAL REFORMS	
Description	Shifts in laws and regulations affect our businesses in varying degrees. We have witnessed substantial structural reforms take place over the last few years across the tax system, healthcare, education, and labor, as well as pockets of legislation that have improved ease of doing business. We expect these reforms to continue to facilitate job creation and more inclusive growth across the country.
How our strategy addresses this	Through collaborative relationships with policymakers, the academe, and partner organizations, our Public Policy team continues to provide support to the Ayala group on the legal and regulatory aspects of business operations. Consistent with Ayala’s vision to increase shared value among its stakeholders, the Public Policy unit participated in policy discussions on key reforms – such as corporate tax reform, retail trade liberalization, and other industry reforms, among others – which contribute to the overall economic growth and development of the country. The team, along with our Regulatory Council, serves as our platform to collaborate, exchange insights and proactively help senior management stay abreast of new laws and changing government policies, and manage risks arising from the continuously evolving policy environment.
GROWTH POTENTIAL ACROSS THE REGION	
Description	Despite the onslaught of global economic headwinds, there exists pockets of growth outside our borders. Several countries in Southeast Asia have been resilient amid this more challenging environment and continue to benefit from factors such as the diversion of trade and opening up of local industries.
How our strategy addresses this	Ayala and our various business units have pursued strategic expansion across the region, particularly when industry-specific opportunities for growth are present. For instance, AC Energy has taken its expertise in renewable energy to Vietnam, Indonesia, and Australia where the industry structure is shifting towards a more sustainable energy regime. The previous year also marked a milestone in Ayala’s international expansion, with the investment of US\$237.5 million to acquire a 20 percent stake in both Yoma Strategic Holdings and First Myanmar Investment, holding companies of the Yoma Group, one of Myanmar’s leading multi-business groups. The transaction was the largest foreign direct investment from the Philippines into Myanmar, and represents a strategic opportunity for Ayala to apply its institutional experience to create value in a rapidly developing economy.
THREAT OF COVID-19	
Description	Countries around the world are bracing themselves for the unprecedented health, social, and economic impact of COVID-19. While the full impact on economic and market outlook remain uncertain, we believe there will be opportunities to help society stay resilient and eventually transition to a new normal.
How our strategy addresses this	Ayala Corporation is focused on maintaining a healthy balance sheet to weather looming economic headwinds. We face this growing threat with a strong liquidity position and ability to take advantage of market opportunities. Further, we are prepared with scenario-based business continuity plans to ensure the health and safety of our employees, to continue to serve our customers, to work with our communities and suppliers, to collaborate with government, and to maintain the trust of our investors. Finally, we are proactive in helping address the health, social, and economic needs of the country in line with our shared values of nation-building.

OUR VISION PILLARS

There are five pillars that guide our decisions on financial management and non-financial management strategies. We carefully track our execution against these pillars with Key Performance Indicators outlined below.



FINANCIAL STRENGTH

Build a strong, growing, and diversified portfolio that can withstand and take advantage of economic cycles

2020 Targets	• ₱50 billion NIAT • 15 percent ROCE	• Outperform peers in total shareholder return and growth in market capitalization • Outperform PSE TSR
2019 Performance	• Increased earnings capacity and quality, and in addition, pursued value realization consistent with our strategy • Diversified returns through exposure to various industries	
2019 Key Performance Indicators	• Net income grew to ₱35.3 billion • Sustained double-digit ROCE of 11.9 percent • 7YR TSR of 52 percent vs PSEi 7YR TSR of 34.5 percent	



REINVENTION AND GROWTH

Positively disrupt, transform, and impact the markets we serve

2020 Targets	• 20 percent of Equity Earnings from emerging businesses
2019 Performance	• Higher earnings contribution of emerging businesses, driven by AC Energy which continues to grow its renewable energy portfolio
2019 Key Performance Indicators	• Equity earnings contribution of emerging businesses at 38 percent • Invested ₱30.1 billion in new growth platforms



GEOGRAPHIC EXPANSION

Strategic international expansion, with a focus on Southeast Asia, and driven by business expertise we bring as an advantage

2020 Targets	• 10 percent of Equity Earnings from international businesses
2019 Performance	• Expanded our presence in Southeast Asia through a landmark investment in the Yoma Group, and furthered our operations in Vietnam, Indonesia, and Australia
2019 Key Performance Indicators	• Invested US\$237.5 million in Yoma Strategic Holdings and First Myanmar Investment • 0.6 percent equity earnings from international business



STAKEHOLDER EMPOWERMENT

Align our strategy to the national development agenda, partner with respected local and global institutions, and attract and nurture the best talent

2020 Targets	• Define shared value targets for all business units (UN SDG) • Broad stakeholder recognition
2019 Performance	• Forged partnerships with strong institutions that can further our growth ambitions • Further strengthened the integration of Sustainability and Risk Management to company strategy by aligning with Corporate Governance and including them as part of the Board Agenda • Forged partnership with a leading global Sustainability group • Continued commitment to the Ayala Sustainability Blueprint
2019 Key Performance Indicators	• Completed AC Education merger with iPeople • Held the first Integrated Corporate Governance, Risk Management, and Sustainability Summit in the Philippines • The first local company invited to become a member of the World Business Council on Sustainable Development – a global CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world • SDG Champions across the group committed to attain the targets declared in the Ayala Sustainability Blueprint • The Ayala Sustainability Blueprint was featured as a benchmark in how businesses are integrating the SDGs into their reporting processes, this was included in “Action Platform Reporting on the SDGs” developed by GRI and Global Compact



BUSINESS LEADERSHIP

Create and support clear industry-leading businesses that show sustainable growth potential

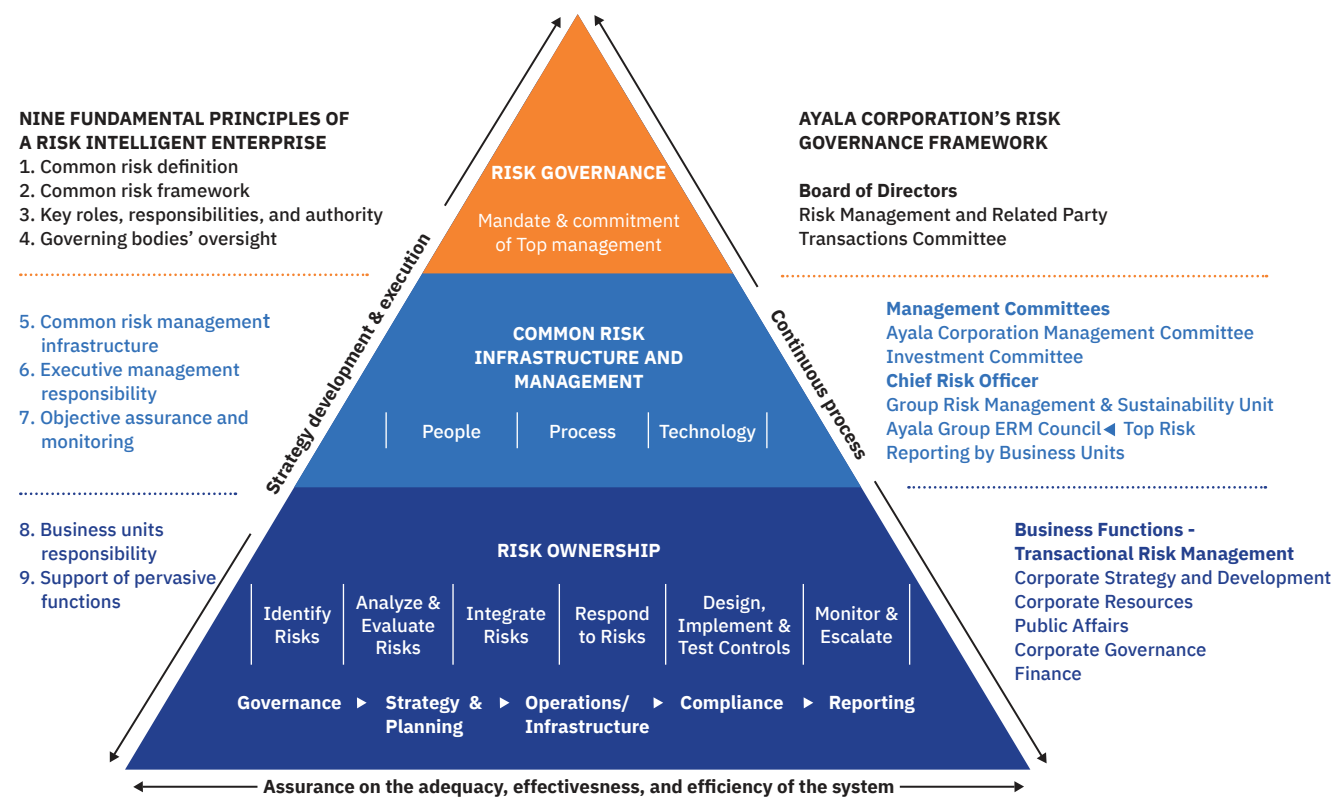
2020 Targets	• Committed to creating industry-leading businesses with sustainable growth potential • Recognized leadership across functions that support our businesses
2019 Performance	• Listed businesses are leaders in their industries • Recognized as among the best in the Philippines for management excellence, corporate governance, sustainability, and investor relations
2019 Key Performance Indicators	• Sustained market leadership of core business units - Ayala Land continues to hold the largest landbank and maintains its top ranking in the residential market - BPI remains among the top three banks in terms of assets and loan portfolio - Globe maintains its market share leadership in consumer mobile • Best CEO Award by the Asset – Jaime Augusto Zobel de Ayala • Best IR Team Award by the Asset – Ayala Corporation • Continued recognition in Sustainability and ESG: - Ayala Corporation - Platinum Award, Excellence in Environmental, Social, and Governance by the Asset - Ayala CFO awarded as one of the Most Influential Doers and Shakers in Purposeful Organizations - Ayala Head of Group Risk Management and Sustainability recognized by CSR Works as one of the 27 Superwomen in Sustainability in Asia and by EcoBusiness as an A-lister in Asia Pacific's list of most impactful sustainability executives

RISK MANAGEMENT

Designed to inspire integrated thinking, Ayala's risk management framework is based on Deloitte's concept of the Risk Intelligent Enterprise, which integrates nine principles related to responsibilities of the board, senior management, and business unit leaders. This framework supports the broader principles of ISO 31000 risk management standard, such as integration, structured and comprehensive, inclusive, and human and culture factors.

Risk Governance

Oversight for the operationalization of the Ayala's risk management framework is entrusted to the Board of Directors through the Risk Management and Related Party Transactions Committee, which provides transparency and visibility into the corporate and the group's risk management practices.



At the apex of the risk intelligent enterprise is risk governance—the unifying touchstone and guide to the organization's risk management efforts. It seeks not to discourage appropriate risk-taking, but to embed relevant and effective risk management procedures into all of an enterprise's business pursuits.

By treating risk as intrinsic to the conduct of business, risk intelligent governance elevates risk management from an exercise in risk avoidance to an essential consideration in every decision, activity, and initiative.

The Chief Risk Officer (CRO), being Ayala's risk management advocate, reports to the Committee any improvement in the design, implementation, and maintenance of the enterprise risk management roadmap. The Group Risk Management and Sustainability Unit supports the CRO by conducting activities that will enhance the risk-aware culture and improve the risk management program in the organization. It also convenes the Ayala Group Enterprise Risk Management (ERM) Council, composed of risk officers of Ayala business units,

as a platform for sharing best practices on risk management. Business unit leaders are risk owners who are responsible for managing the risks they face in the day-to-day operations within the established risk governance framework. The Internal Audit Unit assesses the effectiveness of the risk mitigation measures proposed by the risk owners and provides an independent assurance of the adequacy, effectiveness, and efficiency of the risk management process.

Risk Infrastructure and Management Strategy

Ayala has a seven-year roadmap that communicates its journey of embedding a robust risk management process in support of achieving its business objectives and becoming a resilient organization. Several programs at the corporate and group-wide level were undertaken over the period of six years (2013 to 2019). These programs cover people, process, and technology.

People

In Ayala, risk is everybody's business. We continuously equip our risk owners and their team members with ways how to identify, assess, evaluate, and manage risks that they face in their

daily operations. We also conduct a risk culture survey every three years (2015 and 2018) to check if we are on track in strengthening the risk-aware culture in the organization.

Process

Ayala's risk management practices transcend mere compliance. The shift was driven by the mindset that understands the interconnectedness and interdependency of risks that require collaborative risk mitigation strategies. Silos were broken down through risk assessment methodologies, such as the black swan approach, risk interaction mapping, bow-tie analysis, and risk sensing.

From 2016 onwards, Ayala intensified its risk management program by capitalizing on activities that linked risk management with business strategy, further strengthening the practice at all levels of the organization. In 2018, Ayala focused on the value proposition of risk management by assessing the effectiveness of its risk management program and streamlining opportunities for positive impact. This started the conversation on integrating risk management and sustainability.



Ayala conducts annual risk assessments attended by senior leaders, risk owners, and risk designates.



Adapted from Deloitte

Continuing risk management and sustainability integration

In the 2019 enterprise-wide risk assessment workshop, Ayala deliberately incorporated sustainability in risk identification and evaluation, considering the sustainability megatrends introduced to the corporation's top and middle management from the previous year.

With a deeper understanding of the megatrends, participants identified emerging risks, such as, for instance, more typhoons and floods, presumably caused by climate change, which could interrupt business operations. Hence, climate change became a Business Resiliency risk driver.

Following this perspective, Green Financing became a mitigating measure for Funding risk. Opportunities these megatrends present across the group were also identified. For example, Green Financing, especially for business units involved in renewable energy or social enterprise, can be an additional source of funds.

To support our risk management process, other programs were also implemented, such as: the development of a common risk language that facilitates aggregating, consolidating, and reporting risks at the group level; risk maturity index assessment that benchmarks the corporation and the Ayala companies' risk management practice with global standards every three years; risk tolerance study that aids in understanding Ayala's capacity to absorb potential losses; and risk appetite workshop that articulates the level of risks that Ayala is prepared to accept in pursuit of its objectives.

Expanding risk appetite definition

In 2017, the Board approved the management recommended risk appetite which enumerates non-negotiable risks and sets limits for each of the drivers of four impact areas – financial, people, compliance, and reputational. In 2019, the senior management team revisited Ayala's risk appetite which resulted in the addition of environmental impact area, capturing the Ayala group's positive and negative impact to the environment and in broadening of the people impact by including our positive and negative impact to the community where we operate.



Ayala held the first Integrated Corporate Governance, Risk Management, and Sustainability Summit.

Technology

The Group Risk Management and Sustainability Unit continues to be innovative in the tools and methodologies it uses. It is currently exploring the utilization of a risk management information system in housing its risk universe and monitoring the corresponding mitigation plans.

With Information Security and Cyber risk as one of the top risks, the Learning and Organization Development Unit, in collaboration with the Information and Communications Technology Unit, sends out a monthly online course on cyber security that is mandated to be completed by all employees since December 2018. This is an initiative to strengthen the awareness of employees on information and cyber security threats and equip them with knowledge on how to respond to it.

Strengthening Ayala group's risk financing strategy

Strategies in managing risks include avoidance, acceptance, mitigation, and/ or transfer of risk based on the company's risk appetite. Companies usually employ a combination of risk strategies—mitigation and transfer. In Ayala group, the effectiveness of our risk management strategies is incorporated in the annual risk assessment process where risk owners perform their self-assessment. To provide independence, the Internal Audit reviews, on a regular basis, critical processes that mitigate top risks. Every three years, Ayala engages a third party service provider to engage senior management

and their direct reports in a risk maturity index workshop that benchmarks our practices with global organizations.

The initial risk maturity index workshop showed that insurance portfolio optimization, risk correlation, and self-insured risk valuation were opportunity areas. Substantial work in these areas were planned and being implemented in phases. The insurance portfolio optimization was an opportunity for the group to leverage its size to improve wordings and coverage. To start on risk correlation, the initial optimized program for property damage and business interruption cover included risk management bursary, which was utilized for risk management studies such as natural catastrophe modeling, business interruption study, risk engineering survey, and asset valuation, among others. The studies elevated the group's awareness of potential issues and addressed them by way of mitigation or risk transfer.

Ayala's CRO saw another opportunity – elevating risk financing as a strategy as opposed to a regular transaction. This mindset change involved commitment from business units in mitigating operational risks on a daily basis, challenging retention values, and tracking of relevant data. To institutionalize this opportunity, a risk financing strategy roadmap was laid out as a guide for continuous improvement.

RISK FINANCING STRATEGY ROADMAP					FOCUS AREAS
	Insurance Portfolio Optimization		Risk Correlation	Self-Insured Risk Valuation	
2016	- Property Damage - Political Violence - Motor - Directors & Officers Liability - Public and Products Liability - Specie - Group Travel		- Risk Engineering Surveys (yearly) - Nat Cat Modeling (every 2 years)	Determine feasibility and viability of a Captive	INITIATIVES
2017					
2018					
2019					
2020	- Cyber - Crime - Professional Liability - Environmental Liability		- Asset Valuation - Blast and Threat Assessments - BCMS - Risk Tolerance (every 3 years)		
2021					
2022					
2023	- Review all insurable risks and programs available - Parametric Solutions		Continuous process improvements		

Insurance portfolio optimization

The renewal of Ayala's optimized program for property damage and business interruption cover in the second half of 2019 was challenging, as markets were prompted to a "return to profitability" mindset. The commercial insurers started taking hits from catastrophic events—claims started to increase affecting its bottom line. Adapting to the market situation, we restructured our cover to minimize the impact while still maintaining our improved wordings and coverage achieved during the first placement.

On renewal of the optimized political violence cover, Ayala through AON negotiated for a risk management bursary—for threat and blast assessments available to business units. These studies can improve security management and potentially lower risk exposures relating to political violence.

Following the roadmap, other insurance lines are being reviewed. The review requires collection, aggregation, and consolidation of data and walk-through workshops with operating personnel to understand processes, risk exposure, and existing controls. In 2019, the Ayala group's fine arts insurance policy was optimized. This complemented the property insurance program by providing a specific and a broad 'nail to nail' coverage for works of art and other collections owned by or loaned to the group.



Risk Engineering Survey conducted by AON and insurers for our solar plants.

In collaboration with Ayala group's Human Resources teams, the group travel program, which provides employee protection during official travels was placed. Comprehensive coverage bespoke for the group was designed, which ensured consistent application and minimized potential gaps by having a program for frequent travelers as well as a ready comprehensive program for ad hoc travelers.

Risk correlation

Since 2018, various risk studies were implemented to aid management in understanding risk exposures and adequacy of cover. These studies are on a

rolling three-year schedule so that all assets and scenarios can be covered and updated accordingly.

- Natural Catastrophe modeling – to understand exposure for typhoon or earthquake events
- Risk Engineering surveys – to assess probable maximum loss scenarios and to improve risks mitigation following best practice recommendations
- Asset valuations – to assess adequacy of insurable values
- Business Interruption workshops – to assess potential financial impact of work stoppage due to accidental damages and incidents

Self-insured risk valuation

Before risk transfer strategy can be implemented, the company's risk retention capability is also evaluated by stress testing the balance sheet, understanding the frequency of loss events, and consolidating total cost of insurance premiums and related expenses. To further strengthen the risk financing strategy, Ayala is exploring the possibility of establishing a captive vehicle through a feasibility study focused on property damage and business

interruption, the premium of which comprised 80 percent of the total cost of insurable risk.

With a clear risk financing strategy, Ayala can manage uncertainty, maintain liquidity, and improve total cost of risk.

Reprioritizing risks

Participants, risk owners and risk designates, in the annual risk assessment exercise prioritized Ayala's risks according to the impact they have on people, finance, reputation, compliance, and environment.

Aside from the likelihood and impact scores, the risk owners and risk designates also revisited the drivers of each risk category and discussed the potential implications of these risks to the corporation should it happen. More importantly, they updated their risk response plans to better mitigate the identified implications.

The next few pages detail the risk drivers, potential impacts, and response plans for the top five risks as of the last risk assessment workshop.

Rank	Risk Category	Impact Criteria Parameters					Overall Impact	Likelihood	Risk Score	Change
		Environmental	People	Financial	Reputational	Compliance				
1	Brand and Reputation Risk	0	5	5	5	4	5	5	25	▲ 4
2	Political and Regulatory Risk	0	2	4	5	2	5	4	20	▼ 1
3	Business Resiliency Risk	3	4	3	3	2	4	4	16	▼ 1
4	Information Security and Cyber Risk	1	2	3	5	2	5	2	10	▲ 2
5	Innovation and Technology Risk	0	2	3	3	1	3	3	9	▲ 2
	Portfolio Management Risk	3	1	3	3	2	3	3	9	▼ 3
6	Partnership and Alliance Risk	0	1	3	4	3	4	2	8	▲ 6
7	Funding Risk	0	1	3	2	1	3	2.5	7.5	▲ 4
8	Competition Risk	0	3	3	2	1	3	2	6	▼ 4
	Talent Risk	0	3	3	3	1	3	2	6	▲ 1
	Capital Markets Risk	0	1	3	3	2	3	2	6	Retain
9	Governance and Controls Risk	1	2	3	2	3	3	1	3	▲ 1
10	Synergy Risk	0	1	1	1	1	1	1	1	▲ 3

*Risk score was arrived at by multiplying the overall impact grade by the likelihood score

Brand and Reputation		CAPITALS AFFECTED
▲ 1 2018 Rank : 5	Risk description The inability to maintain our stature as a company of choice, which may result in significant difficulty in creating and/or maximizing value for stakeholders	 Financial
	Drivers - Media, including social media platforms - Stakeholder relations - Corporate branding awareness - Crisis management - Operational failure of Business Unit - Brand apathy	 Human
	Implications for value creation - Increased customer complaints - Reputational damage - Adverse financial impact	 Social and Relationship
	Risk response and mitigating measures - Set up a social media plan that will include a quarterly analysis of social trends/sentiment and continuous monitoring of social media pages - Develop a Stakeholder Plan, including a stakeholder mapping and engagement initiatives to address stakeholder issues - Conduct brand identity refresh every three years - Collaborate with community partners on areas of sustainable livelihood, environmental protection, children and women's health, among others - Improve skills of crisis communication teams across the group	

Political and Regulatory		CAPITALS AFFECTED
▼ 2 2018 Rank : 1	Risk description The lack of ability to anticipate changes in the political and regulatory landscapes that may affect the Group's capacity to shield profitability and brand value	 Financial
	Drivers - Political instability, including improper use of political power - Political networks - Regulatory compliance - Market-distorting political moves and policies - Political agenda driven by social media - Spread of fake news	 Intellectual
	Implications for value creation - Misalignment of business models due to change in regulations - Reputational damage due to non-compliance - Loss of franchise, license, or goodwill - Slow adaptability to changes affecting profitability/reputation	 Human
	Risk response and mitigating measures - Analyze government platforms and agenda and establish social media intelligence - The Ayala Regulatory Council regularly identifies and monitors new policy issues across sectors and industries and makes recommendations to the Ayala Group Management Committee on how to address regulatory issues - The Corporate Services Compliance Unit under AG Legal handles regulatory compliance - Set aside political connections of key employees in formulating business strategy	 Social and Relationship

Business Resiliency		CAPITALS AFFECTED
▼ 3 2018 Rank : 2	Risk description Being unable to restore normal operations following natural/manmade disasters and/or failure of business contingency processes and systems, which may cause significant revenue loss and impact customer trust	 Financial
	Drivers - Climate change - Scope of business continuity planning - Inadequacy or ineffectiveness of crisis communications, training and testing - Recovery implementation	 Human
	Implications for value creation - Delayed business recovery - Project suspension - Business closure for extended duration - Reputational damage - Environmental hazards - Loss of lives	 Social and Relationship
	Risk response and mitigating measures - Review and test the adequacy and effectivity of crisis management and IT disaster recovery plans on a regular basis - Assess the effectiveness of business continuity plans through tabletop testing or simulation exercise every two years - Distribute go-bags, CPR kits, and other paraphernalia that will help all employees to recover from any disaster - Invest in a comprehensive insurance program and periodically review the adequacy of insurance coverages - Collaborate with other Ayala businesses on how to share resources for faster recovery	

Information Security and Cyber		CAPITALS AFFECTED
▲ 4 2018 Rank : 6	Risk description Failure to safeguard confidentiality, integrity, and availability of critical information that may result to financial losses and damaged reputation	 Financial
	Drivers - Damage to IT architecture and infrastructure - Lack of data security and protection policies - Sufficiency of IT governance - Effectiveness of IT Disaster Recovery Plan - Insufficient forward planning and cyber risk assessment - Lack of employee awareness on IT security	 Intellectual
	Implications for value creation - System downtime - Reputational damage - Criminal prosecutions and fines - Leakage of critical information - Loss of stakeholder trust	 Human
	Risk response and mitigating measures - Continue information and cyber security training to increase awareness of employees on IT risks - Perform vulnerability tests on both new and existing hardware/software assets - Review the adequacy of the IT Disaster Recovery Plan for critical infrastructure and applications - Continuously strengthen both architecture-level and application-level controls, as well as access controls to limit access to information systems and servers - Regularly review information security measures employed by third-party contractors	 Social and Relationship

Innovation and Technology		CAPITALS AFFECTED
▲ 5 2018 Rank : 7	Risk description The lack of ability to remain relevant and cope with rapid changes, which may significantly impact business viability and reputation of our Company and Group	 Financial
	Drivers - Disruptive technologies - Innovation trends monitoring - Innovation culture	 Intellectual
	Implications for value creation - Unmatched/mismatched talent - Reputational damage - Technology obsolescence - Loss of competitive advantage - Loss of market share - Lower profit	 Human
	Risk response and mitigating measures - Set up an aggressive strategy to enter/ catch up with other market/sectors and help business units adopt suitable technology trends, systems capability, and talent development - Conduct sector analysis to identify potential disruptive opportunities and monitor innovation trends that may have an impact on the operations of the business units - Run future- and design-thinking sessions with different business units - Perform disruptive change assessment on selected business units, as necessary - Review business models to ensure alignment with technology and innovation changes	 Social and Relationship

Portfolio Management		CAPITALS AFFECTED
▼ 5 2018 Rank : 3	Risk description The inability to align portfolio management strategy with business objectives may result in the failure to provide the right balance of risk and return	 Financial
	Drivers - Changing business and regulatory landscapes - Effectivity of diversification strategy - Accuracy of pre-investment valuation - New business development capability - Adequacy of post-investment monitoring	 Intellectual
	Implications for value creation - Inability to achieve targeted net income - Loss of relevance in the market/industry - Reputational damage - Lower dividends from business units	 Social and Relationship
	Risk response and mitigating measures - Regularly monitor business units' performance and assess how far they are from set targets - There is an early spotting of opportunities both within existing and emerging businesses, as well as new sectors - AC Ventures continuously monitors disruptive technology and emerging trends that can be turned into investment opportunities - Maintain relationship with existing partners and proactively identify and build network with potential business partners and investors - Periodically review the thought process, including criteria and procedures for divestment	

Focus on climate action through TCFD

Climate change is a defining issue of our time. The United Nations exhorts the world to act with urgency because it touches all aspects of life—environmental, societal, economic, political, regulatory, and technological. Its effect on the global economy is potentially devastating. This effect varies from one country to another. Studies show that impact is higher than the global average in Southeast Asia, one of the most complex seismic zones in the world.

The Philippines, being one of the Southeast Asian nations, is thus highly vulnerable. It stands to lose six percent of its GDP annually by 2100 if no action is taken on climate-related issues, according to a study by the Asian Development Bank. The country is expected to face an increase in extreme weather events, rising sea levels, rising temperatures, and severe rainfall. Moreover, its level of vulnerability is aggravated by its geographical location, which has high exposure to tropical cyclones and earthquakes. The Ayala group recognizes that climate change poses risks across its business units and has long since been an advocate of environmental stewardship, ensuring that its companies and subsidiaries operate responsibly.

The Ayala group recognizes the implications of climate change:

1. Governments and businesses will have challenges in securing resources domestically and internationally;
2. Changes in food, water, and energy patterns could lead to increased conflict over resources and eventually lead to political tension;
3. As disputes over resources heighten, national survival will be more critical and will undoubtedly lead to potential regional or international confrontations over water, oil, fishing, and other mineral rights;
4. The lack of resources and increasing climate change impacts could force existing industries to be revolutionized or could pave the way for new ones. These changes will be accelerated by innovation and technology, and nations

must ensure that the workforce is not displaced; and

5. There will be increased levels of regulations, both directly on environmental changes and indirectly through taxation and similar types of incentives/disincentives.

With these climate change implications in mind, Ayala promotes a risk-aware culture and recognizes the climate-related risks classified by the Task Force for Climate-related Financial Disclosures (TCFD) into two types:

Transition Risks
• Policy and Legal Risk • Technology Risk • Market Risk • Reputation Risk
Physical Risks
• Acute Risk • Chronic Risk

Transition risks are controlled and have lower economic damage, but pose aggressive change. Their initial impact can be severe but reduces over time. In contrast, physical risks have higher economic damage and cause accelerated change. Their initial impact may or may not be severe, but it definitely increases over time. Ayala believes that such risks can be turned into opportunities if preemptive action is taken.

With the results of the Natural Catastrophe modeling undertaken out of the risk management bursary in May 2019, Ayala was able to determine the potential financial impact of such calamities to its businesses. The modeling used common return periods of 250 years for earthquake and 200 years for typhoon, considered top historical events like typhoon Haiyan, and included worst case scenarios. The results yielded the following:

- a. For earthquake: 250-year Ayala group modeling loss is about US\$591 million
- b. For typhoon: 200-year Ayala group modeling loss is about US\$278 million

Climate change has been identified as a risk driver

of Business Resiliency Risk, one of the top five risks of Ayala Corporation in the last three years. The importance given by Ayala’s business units to the environment and their awareness of the impact of climate change is notable.

In responding to the call for a more effective climate-related financial reporting, Ayala set off its voluntary disclosures guided by the Task Force for Climate-related Financial Disclosures standards. Focus was given to four key pillars—governance, strategy, risk management, and metrics and targets—with 11 widely adoptable recommendations that consider the physical and transition risks associated

with climate change.

Results of the initial phase taken by Ayala show its strength in its GHG emissions disclosures. It has eight disclosure areas that are present and needs significant enhancing, and two disclosure areas for development.

To obtain these results, Ayala’s performance was assessed against the four key pillars and their disclosures. The process included public resource reviews, management-level interviews, and a gap assessment.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organization’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is available.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the Board’s oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	a) Describe the organization’s processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe Management’s role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on businesses, strategy, and financial planning	b) Describe the organization’s processes for managing climate-related risks	b) Disclose Scope 1, Scope 2 , and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks
Disclosures are present but need slight enhancing Disclosures are present but need significant enhancing to include climate focus Disclosures are not present and need to be developed	c) Describe the potential impact of different scenarios (e.g. 2° scenario, on businesses, strategy, and financial planning)	c) Describe how these processes are integrated into the organization’s overall risk management	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

Current State Assessment of Ayala

GOVERNANCE Ayala's disclosure on governance around climate-related risk and opportunities	AYALA'S CURRENT APPROACH - Ayala Board leads the governance system - The Board and the Management review, evaluate, and improve governance structures, systems and procedures - The Board meets six times a year with relevant Board Committees to gain insights and review, and ensure proper implementation of internal control mechanisms and risk management process for good governance - The Board discusses key risks and updates on business resiliency, sustainability, and the UN SDGs - CRO meets the RMRPT Committee semi-annually or as often as required - The CRO is supported by the Group Risk Management and Sustainability Unit that leads the Enterprise Risk Management (ERM) and Sustainability Councils, composed of representatives across the Ayala group who are risk management or sustainability experts WHAT AYALA IS TRYING TO ACHIEVE - To educate the Board, and have a Board Committee specifically assigned to oversee climate-related risks and opportunities - For the CRO, through the Risk Management and Sustainability Unit to assess and manage group-related issues, following a defined reporting timeline
STRATEGY Ayala's disclosure on the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is available	AYALA'S CURRENT APPROACH - The Ayala Sustainability Blueprint, launched in 2018, identifies business units as SDG champions, committing to specific targets across three identified journeys - Ayala institutionalized the SDGs as a non-financial performance category under the CEO scorecard to promote sustainable business practices and support long-term profitability WHAT AYALA IS TRYING TO ACHIEVE - To review the Sustainability Blueprint every two to three years to ensure relevance in the fast changing business and societal climate - To chart targets on a time horizon, ensuring proper metrics for their achievement - To conduct further studies to determine risks and opportunities, ensuring they are prioritized based on a time-horizon (these will eventually increase disclosures related to potential financial impacts) - To conduct a scenario analysis (i.e. 1.5° and 2° climate) to observe and evaluate the impact of these different climates on businesses, strategies, and financial planning
RISK MANAGEMENT Ayala's disclosure on how the organization identifies, assesses, and manages climate-related risks	AYALA'S CURRENT APPROACH - Ayala's risk management strategy includes strengthening its resilience and adaptive capacity to climate-related hazards and natural disasters across all its sites, ensuring minimal casualties - In championing SDG Goal 13: Climate Action, Ayala has developed a three-step strategy: Mitigation > Adaptation > Innovation - Ayala monitors its group-wide consumption and use of natural resources to manage its own environmental impact, ensuring it stays true to its commitment on environmental stewardship, aligned with its SDG 12 targets - The Group ensures that the long-term outcomes of its initiatives contribute to global warming abatement, biodiversity protection, and life preservation WHAT AYALA IS TRYING TO ACHIEVE - For Ayala's risk management framework to further elaborate how to enhance resilience and adaptive capacity to climate-related hazards - For the risk management framework to include an assessment of the size and scope of climate-related risks the Ayala business units face - To design a framework that outlines processes* on managing climate-related risks (*including increasing capability of officers on risk management, crisis management, and sustainability, among others) - To formulate a strategy to integrate climate risk adaptation and mitigation measures

METRICS & TARGETS Ayala's disclosures on the metrics and targets used to assess and manage relevant climate-related risks and opportunities is available	AYALA'S CURRENT APPROACH - The company's integrated reports provide extensive and detailed information on water, energy, emissions, non-hazardous and hazardous waste, and biodiversity. - Ayala has been disclosing group-wide GHG Emissions Scope 1, Scope 2, and Scope 3 following global standards. Currently, the computation for GHG Emissions is based on equity ownership and the GHG Protocol Corporate Accounting and Reporting Standard. - The Ayala Sustainability Blueprint's third journey, Responsible Growth and Innovation, highlights environmental stewardship. WHAT AYALA IS TRYING TO ACHIEVE - To quantify the risk exposure and impact of climate efforts - To set targets for its GHG Emissions, enabling the effective management of sustainability performance and climate-related risks and opportunities - To have science-based targets and align them with the third journey in the Ayala Sustainability Blueprint
--	--

The first phase of the TCFD journey paved the way for Ayala to include climate-related risks and opportunities in the upcoming 2020 risk assessment exercise. It has prepared the group for future actions that involves boardroom education and transition strategy, risk and opportunity mapping, and reporting and communication. These actions are aimed at ensuring the company meets all 11 disclosures of the TCFD recommendations.

Prioritization of Future Actions		
Boardroom Education and Transition Strategy	Risk and Opportunity Mapping	Reporting and Communications
- Establishing Board and Management Committees to ensure there is board oversight of climate-related decisions and management actions specific to climate-related risks and opportunities - Including Strategy and Risk Management Committee members to ensure synergies across the group and in turn, consistent messaging and action - Redefining the roles and responsibilities of the Board and Management Committees to ensure that there is an apparent line of reporting and dedicated team addressing climate-related risks and opportunities	- Prioritising the Environmental aspect and including a climate change agenda in the Corporation's strategy to ensure the capture of climate-related opportunities - Charting the climate change agenda on a time horizon with measurable quantitative targets (i.e. annual, mid-and long-term targets) - Integrating climate-related risk in the current risk management process and highlighting climate risk as a material topic - Conducting of climate scenario analysis and decarbonisation planning	- Completing disclosures meeting of all 11 of the TCFD recommendations, done with senior management, this includes: - Defining board oversight and providing a framework for internal climate risk governance - Drafting report-ready documentation - Specifying and calculating metrics that clearly communicate progress against climate-change adaptation and mitigation targets - Become a TCFD Supporter and join over 930 organisations in pledging their support to take action against climate change

Ayala extends its efforts to bring all its business units on board and united in going beyond the bottom line. As it sets its eyes on the goal to draft report-ready documentation, Ayala commits to be a TCFD Supporter, ensuring that our declarations come with tangible results with a meaningful impact.

STAKEHOLDER ENGAGEMENT

Investors and Shareholders



Ayala addresses the concerns of its stakeholders through regular dialogues.

STOCKHOLDER MEETING AND VOTING PROCEDURES

Stockholders are informed at least 28 days before the scheduled date of meeting. The notice of regular or special meetings contains the agenda and sets the date, time, and place for validating proxies, which must be done at least five business days prior to the annual stockholders' meeting. Each outstanding common and voting preferred shares of stock entitles the registered stockholder to one vote.

In support of greater transparency and improved shareholder involvement, the company provides multiple voting options such as appointing a proxy, voting in-person, or through electronic voting in absentia. There is a secure, easy-to-use Electronic Voting in Absentia System accessible to all stockholders, allowing stockholders to exercise their right if unable to attend the Annual Stockholders' Meeting. Equal effect is given to votes whether cast in person or in absentia. The company also provides non-controlling or minority shareholders the right to nominate candidates for board of directors.

Ayala embraces a stakeholder-inclusive approach to value creation. We take into consideration the influence our stakeholders have in our business decision-making process and consult, involve, or collaborate with them, articulating the value we seek to deliver through various platforms. By understanding their requirements and meeting their value expectations, we strengthen trust in our organization.

Employees

THE NEW AND IMPROVED AYALA CLINIC

To provide quality health services to its employees, the Ayala Clinic underwent renovations to improve its facilities, enabling it to provide basic laboratory test services. Inaugurated on July 1, 2019, the new clinic on the 25th floor of Tower One in Makati is managed by FamilyDOC@Work. This joint project of Ayala, ALI, and AC Health also extends its services to employees of AC Infrastructure, AC Industrial, Ayala Group Club Inc., AG Legal, and Sonoma.

The partnership delivers better service and guarantees availability of doctors and nurses during office hours. Recognizing the importance of mental wellness, a psychologist is available every 2nd and 4th Friday for consultations and mental health awareness programs are promoted.

Moreover, the clinic now implements full digitization of medical records through Electronic Member Record (EMR). The system logs check-up, test, and prescribed medication records, making them available via mobile app that can be accessed by doctors in all FamilyDOC clinics nationwide.

CASHLESS TRANSACTIONS

As part of the Ayala Group Synergy efforts, Ayala Corporation partnered with Mynt and introduced GCash e-wallet to Ayala employees. To jumpstart the employee experience, some employee incentives—traditionally credited to bank accounts or gift cards—were credited to GCash. Other Ayala companies followed suit in introducing GCash to their employees.

PLANNING FORWARD

To help employees plan for the future, Ayala created a Multi-Employer Retirement Plan for AC Cluster, a Defined Contribution Retirement Plan aimed to improve retention strategy of small and start-up Ayala companies. AC Health and Ayala Group Club Inc. are the pioneer member companies.

REWARDS AND RECOGNITION

- Ayala provides market-competitive executive compensation and benefits, which are aligned with corporate goals, annual targets, and long-term strategic plans. It also adopts a performance-based variable compensation scheme using the Key Result Area scorecard accomplishments as metrics.
- For senior executives and key talents, Ayala offers a long-term incentive program. From the three percent of the company's authorized capital stock allocated by the stockholders, the Board approved the grant under the stock ownership program to eligible executives in April 2019. The basis for the grant is consistent outstanding performance record over a period of three years.

The grant price is based on the rounded-off volume weighted average prices of the stock at the Philippine Stock Exchange over the last five-day trading from April 17 to 25, 2019.

Government Agencies and Regulators

Business Partners and Affiliates

PROGRAMS/ACTIVITIES FOR THE STAKEHOLDERS

- Policy research initiatives through partnership with the academe—intended to provide evidence-based recommendations to policymakers includes (1) Ayala-UP School of Economics Forums that focus on key economic aspects of public policies (two to three forums per year), and (2) Ayala-Ateneo School of Government policy research on developmental conglomerates and inclusive markets (once per end of Memorandum of Agreement)

THE LIVEABLE CITY PLAYBOOK*

In collaboration with experts and other stakeholders, Ayala created the *Liveable City Playbook*, a practical resource for imagining tailored solutions for issues in specific localities, enhancing local competitiveness, and strengthening the capacity of local government units (LGUs) to provide public goods and services to their constituents.

Drawing from global and local good practices, the five-volume series tackles issues identified by local leaders and experts as critical elements for development today. Each brief presents issues and opportunities, and illustrates effective solutions local leaders from the Philippines and around the world have successfully deployed.

E-Government (volume 1) discusses how LGUs can leverage information and communication technology to enhance public services and encourage citizen participation.

Financing (volume 2) reviews the LGU project cycle and provides data on financing options as well as other sources of support for project planning and implementation.

Basic Services (volume 3) highlights the LGUs’ role in delivering basic services such as water and sanitation, health, and solid waste management.

Mobility (volume 4) seeks to improve mobility of people and goods and increase accessibility of public services through effective land use policy, sound transport infrastructure, and proper spatial integration.

Resilience (volume 5) puts forth best practices from which LGUs may model their own system to effectively respond to natural calamities, climate change, and long-term stresses.

Many local governments have raised the living standards of the communities they serve. However, implementing critical, long-term projects for sustainable development remains a challenge due to limited resources and support. There is vast untapped potential for local governments to enhance economic growth, encourage innovation and development, and build tourism hotspots. *The Liveable City Playbook* series supports the work of LGUs toward realizing these possibilities.

*The private sector plays a key role in the realization of the SDGs. *The Liveable City Playbook* is an initiative that helps further SDGs 16 and 17, especially in building effective, accountable, and inclusive institutions at all levels; and in evaluating its broader effect on environmental and human issues; in promoting and encouraging effective private, civil society, and public partnerships; and creating a benchmark for judging the SDG’s overall contribution to global development.

Creditors and Suppliers

Customers

COMPANY	KEY CONCERNS RAISED	HOW EACH KEY CONCERN WAS ADDRESSED
AYALA LAND	Processing of documents for residential buyers	Established buyers’ portal that allows buyers to monitor status of their documents and a sales information system that provides consolidated customer information
	Difficulties with property management processes for residential owners	APMC’s @Home is an online platform that residential owners can use to conduct their day-to-day tasks and management requirements easier
	Customers look for an enhanced customer experience	Conducted continuous communication and feedback gathering from end-users through regular satisfaction surveys, loyalty and appreciation programs, e-newsletters, and social media posts Launched Z!ng app to provide shoppers with incentives and special rewards when shopping at Ayala Malls
BPI	Undispensed ATM withdrawal	Conducted periodic maintenance of the machines and replaced older machines to address hardware concerns Ensured regular coordination with partner suppliers for reliable and secure access to the network
	Uncredited Cash Accept Machines (CAM) Deposit	Implemented regular machine and systems maintenance. Reminded clients about use of undamaged bills
	Queries on the processing of express online enrollment	Implemented an enhanced version of the registration form
GLOBE	Increasing demand for data/internet use	Continued network rollout (>2X site build) and upgrades
	Network downtime while upgrading	Mitigated impact of downtime from network upgrades through proactive recovery
	Concerns on unwanted load charges	Implemented the Silence Means No policy for all video-as-service or content subscriptions
	Concerns on lost/inaccessible rewards	Addressed system issues and seeded rewards unsent due to system issues
AC ENERGY	Multiple Red/Yellow Alerts in the Luzon Grid	Cascaded in real-time advisories from distribution utility to our contestable customers via emails, SMS, and calls
	Seeking updates on regulatory issues specifically about lowering of threshold in Retail Competition and Open Access	Conducted a regular account update or business review with each of our contestable customers, providing them with relevant information and keeping them abreast of power industry related topics
MANILA WATER	Water security and water supply reliability	Organized regular coordination meetings with the regulators, government agencies, and potential private sector partners on new water resources Provided real-time update to customers via social media, face-to-face interaction, and press briefings
	Raw water and drinking water quality	Tested water samples regularly
	Improvements on customer policies, communications, and billing	Performed door-to-door visits and responded via service hotline to explain and update on new developments such as billing and water interruptions
	Wastewater services delivery (sewer connections, septic tank, desludging)	Broadcasted regular desludging activities in coordination with leaders and communities



Ayala actively engages with customers to understand their concerns.

COMPANY	KEY CONCERNS RAISED	HOW EACH KEY CONCERN WAS ADDRESSED
AC MOTORS	Service quality complaints on unavailability of parts and timeline management	Sent regular updates concerning part availability and service timeline Assigned dedicated teams to handle customer feedback resolution
	Product quality and warranty complaints	Implemented quality control and directly coordinated with manufacturers for warranty complaints
	Limited Products and Services	Identified expansion areas for its dealership network and product line-up
IMI	Logistical delays and lack of coordination	Increased capacity by improving overall equipment effectiveness and automation of Advance Shipping Notice (ASN) generation in SAP system upon invoice release
	Concerns over recurring complaints	Shared lessons learned and best practices across its groups
	Readiness to implement ISO 26262 for Functional Safety (Automotive Customers)	Established the Product Safety Board (PSB) to deploy all Functional Safety system requirements
AC INFRA	Quality of logistics and transportation services • Lack of coordination with customers in delivery services (Entrego) • Train schedule and experience (LRMC) • Queuing and traffic build-up concerns (MCX)	LRMC and Entrego maintained a customer-centric feedback mechanism to address queries and complaints MCX recalibrated its equipment and revisited processes to facilitate a more efficient traffic management scheme
	Limited loading facilities and on-site support for transportation partners (AF Payments)	AF Payments expanded its unattended loading facilities and provided more load options via mobile phone application
	Safety concerns along MCX	MCX coordinated with community officials to increase surveillance of the road's perimeter
iPEOPLE	Concerns on processes and policies • Queries regarding processing records and enrollment • Student concerns on existing policies and programs	Streamlined its processes and implemented an online enrollment system in select schools to lessen waiting time Involved its students through regular correspondences with student leaders in the formation of programs
	Quality of facilities and lack of space	Constructed new buildings and spaces and implemented upgrades to existing facilities across its different campuses
	Tuition fee payment difficulties	Scholarships (externally and internally funded), discounts, and partnerships with benefactor companies were available across iPeople's schools/universities
AC HEALTH	Value of Services and Products • Professionalism/lack of skills of medical professionals (AIDE) • Medicines with best price (Generika) • Availability of medicine (FamilyDOC)	AIDE held seminars on basic health, new born care, and elderly care for its medical professionals Through Actimed generics, Generika customers could save up to 95 percent versus branded counterparts FamilyDOC sourced its medicine directly from principals
	Customer Experience • AIDE app crashing or not being user-friendly • Customers look for a meaningful drugstore experience (Generika) • Better coordination between pharmacy frontline staff and clinic (MedGrocer) • Long queuing time and turnaround time of lab results (FamilyDOC)	AIDE app was upgraded to create a more user-friendly interface and to remove/fix bugs Generika launched the Mobile Generikard which provides customers with a cardless digital rewards program MedGrocer designed an integrated collaboration platform through Facebook Workplace and Zendesk for its corporate wellness and retail customers FamilyDOC engaged new lab providers and hired additional manpower to address customer concerns on queuing time
	Wholesale clients wanted a one-stop shop (MedGrocer)	Expanded the portfolio of products and services offered to wholesale clients beyond medicines (e.g. oxygen refills)
	Concerns on improving customer welfare (Generika)	Conducted patient counseling with the use of the Gamot Guide in order to educate them on proper intake of medicines, possible side effects, and contraindication of their medicines

Communities

Other Stakeholders
Media

**KEY CONCERNS OF AYALA
TOWARDS THE MEDIA**

- Appreciation and understanding of Sustainability Reporting

OUR STRATEGIC RESPONSE

- Partnered with Reuters Foundation and GRI to discuss sustainability concepts and its operationalization with selected media practitioners



Ayala conducts regular dialogues to address concerns of its stakeholders.

Industry Associations



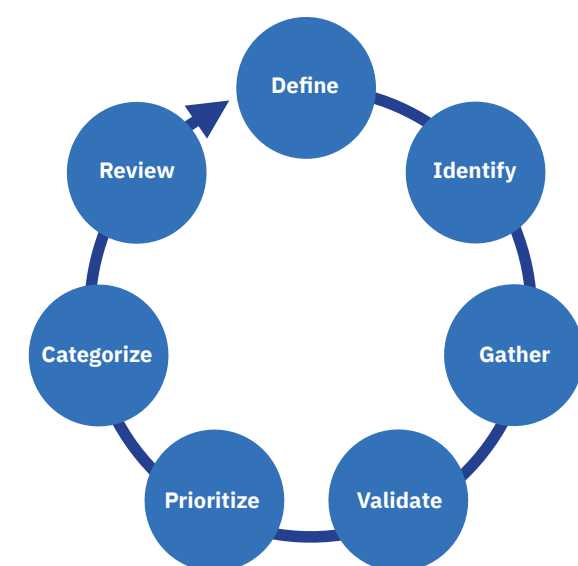
Ayala fosters strong relationships with communities.

OUR MATERIALITY APPROACH: WHAT MATTERS MOST

As a response to the rapidly shifting business and ESG landscape, Ayala reviewed its 360° Sustainability Reporting Framework in the context of emerging trends and urgent issues that affect its stakeholders.

Materiality is one of the content elements of integrated reporting and Ayala continuously strives to keep it up to date to ensure its relevance. These were aligned with GRI Standards, SASB industry-specific topics and disclosures, and the 10 Principles of the UN Global Compact. Our exposure to WBCSD for business transformation helped further integrate our business units' SDG targets with our sustainability agenda to bridge the societal gaps identified in the three journeys defined in the Ayala Sustainability Blueprint.

OUR MATERIALITY PROCESS



Materiality Process Diagram

Ayala's material topics are **defined** by the following three criteria:

- (1) it is common among majority of the Ayala companies;
- (2) it has a significant impact to the brand and reputation of Ayala Corporation; or
- (3) it has a significant importance to key stakeholders of the company.

We **identified** material topics from the previous ones outlined in the 360° Sustainability Reporting Framework, and from various sources such as media reporting, internal data, peer review by WBCSD and ESG rating institutions, SASB sector-specific regulations and standards, and sector specific regulations. This process also includes research on wider environmental, social, and governance trends and challenges.

Moreover, we **gathered** information on the impact and importance of each material topic, which allowed us to gain a comprehensive understanding of their relevance to Ayala's businesses and stakeholders.

Our material topics were then **validated** by evaluating indicators to be monitored and reported on through thematic workshops with management representatives across the group. Five group-wide workshops were conducted on the following themes: economic, environment, human resources, supply chain, and customer management.

The validated material topics and key indicators were then **prioritized** based on the strategic importance to the business, to the stakeholders, and the social, environmental, and economic impact in the value chain.

THE RESULTS

After a rigid process of identification, gathering information, validation, and prioritization, the material topics were **categorized**. We analyzed the results, and found that certain topics interconnect, while some had a significant impact on their own. The material topics were clustered according to their significant relevance for Ayala and its business units. The results of the materiality process were presented to and approved by the Board.

The five material themes are as follows:

- **Climate change and biodiversity**
 - Factors that are significant to our commitment to reduce GHG emissions, protect biodiversity in and around areas where our businesses operate, and increase our contribution to climate resilience through climate-related investments

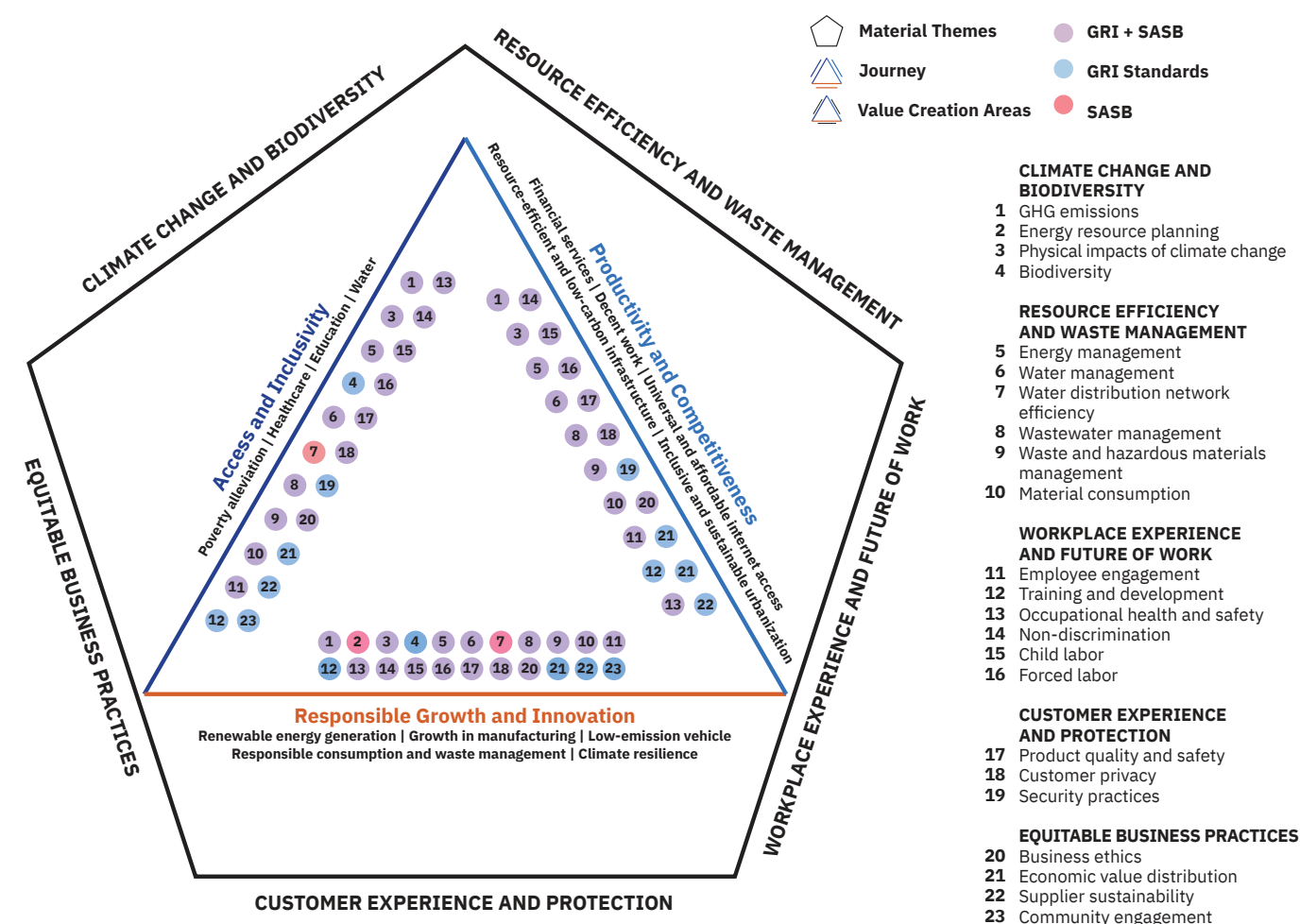
- **Resource efficiency and waste management**
 - Factors to monitor efficient use of natural capital such as energy, water, and other materials necessary for delivery of products and services, and to manage waste
- **Workplace experience and future of work**
 - Concerns that influence the well-being of our employees as well as how our businesses promote human rights principles
- **Customer experience and protection**
 - Factors that push for customer empowerment and protection of their privacy

- **Equitable business practices**
 - Beyond economic value creation and distribution, this theme also includes business ethics, community engagement, and supply chain sustainability, ensuring suppliers adhere to the same standards upheld across the Ayala group.

As best practice, these materiality themes and material topics will be **reviewed** every two to three years where it is possible to have similar material topics, with an increased or decreased number of indicators.

THE AYALA SUSTAINABILITY REPORTING FRAMEWORK

The Ayala Sustainability Reporting Framework shown below is the end product of a comprehensive materiality process. It reflects sustainability metrics on which we base our performance, cognizant that creating shared value and becoming a responsible organization goes beyond mere compliance.



It shows the successful integration of the five themes and material topics across SASB, GRI, the three journeys of the Ayala Sustainability Blueprint, and the 10 Principles of Global Compact, while keeping the group's focal business areas.

For a detailed list on the material topics, the Materiality Index can be viewed on pages 227-230.

SHARPER FOCUS ON ESG

Results from our 2019 materiality review gave us fresh points of reference in determining our Environment, Social, and Governance (ESG) impact with focus on five key themes: (1) Climate Change and Biodiversity, (2) Resource Efficiency and Waste Management, (3) Workplace Experience and Future of Work, (4) Customer Experience and Protection, and (5) Equitable Business Practices.

We identified metrics to measure the progress of our work for each theme. Using our new Sustainability Reporting Framework, we present the progress we have made in each theme, set against the backdrop of global trends, risks, and opportunities, as well as the strategies we used in pursuing our aspirations.

CLIMATE CHANGE AND BIODIVERSITY
Climate Change



Ayala noted forest fragmentation in Sablayan, Occidental Mindoro.

If the current rate of global emissions is not significantly reduced, there will be exponentially increasing consequences, according to latest reports from the Intergovernmental Panel on Climate Change (IPCC).

The Philippines ranks fourth among countries most affected by climate impact in the past 20 years, based on 2018 studies referenced by the 2020 Global Climate Risk Index published by Germanwatch.

As a business leader that invariably supports national efforts in climate action, Ayala considers climate change as one of its priority sustainability issues. Closely monitoring its carbon footprint, the holdings company actively responds to this issue by mobilizing its business units across three strategies: Mitigation, Adaptation, and Innovation. Ayala’s first strategy is centered on the group’s capabilities to reduce carbon emissions. Ayala promotes climate adaptation by strengthening the resilience of its assets and adjacent ecosystems. It harnesses the collective innovative strengths of its businesses to develop and implement projects that address climate change.

Ayala’s group-wide scope 1 emissions in 2019 reached about 1 million tonnes CO₂e, a decrease of 38 percent from 2018 because of AC Energy’s divestment of its thermal assets and interruptions on SLTEC’s operations. Ayala’s 2019 scope 2 emissions from electricity consumption was approximately 0.44 million tonnes CO₂e, a 2.6 percent increase from 2018 due to the expansion in several of Ayala’s business units.

More information on Ayala’s response to SDG 13 - Climate Action can be found on pages 123-124.

Below are highlighted initiatives of Ayala companies on climate change.

COMPANY	HIGHLIGHTED INITIATIVES	CLIMATE STRATEGY
Ayala Land	- Implemented passive cooling and sustainable architecture design at the planning and construction level to minimize carbon emissions, crucial to the company’s carbon neutrality target - Stored up to 80,345 tonnes of CO₂e by protecting 586 hectares of carbon sinks across the country through its carbon forest initiative - Avoided about 121,951 tonnes of CO₂e by shifting to renewable energy use	Mitigation Adaptation Innovation
BPI	- Established Green Finance Framework, which sets guidelines for the issuance of green bonds and loans to fund projects with positive environmental impacts - Issued two landmark green bonds, allocated to eligible green projects (CHF 100 Million green bond - issued in August 2019; and US\$300 million green bond - issued in September 2019) - Disbursed ₱10.14 billion for energy efficiency, renewable energy, and climate resilience projects under its Sustainable Energy Financing (SEF) program; and ₱2.17 billion for large renewable energy projects under its Structured Finance Division (SFD)	Mitigation Adaptation Innovation
Globe	- Achieved carbon neutrality for select corporate offices through its partnership with AC Energy - Encourages its employees to limit the use of motorized vehicles for business commute through web-based mobile applications and digital worktools - Has programs that encourage customers to join reforestation efforts: Globe Rewards, which raised ₱2 million for the Hineleban Foundation; and GCash Forest, which engaged 1.7 million customers in cashless transactions for tree planting	Mitigation Adaptation Innovation
AC Energy	- Added 153 MW of renewable energy to its portfolio in 2019, bringing its total attributable RE capacity to 656 MW - Generated 1,758 GWh from renewable assets in 2019, bringing its RE output to 50 percent of its total energy output	Mitigation Adaptation Innovation
Manila Water	- Conducted resiliency assessment and business impact studies of its Manila and Laguna facilities - Retrofitted its facilities to increase disaster resiliency - Built new assets in strategic locations that are not exposed to flood hazards	Mitigation Adaptation Innovation
IMI	Generated 10.8 MW of renewable energy, equivalent to around 10 tonnes of CO₂e reduction through its Solar Pilot Project Initiative using Merlin® Solar’s patented technology in its Laguna site	Mitigation Adaptation Innovation
AC Motors	- Offers fuel and eco-efficient automotive models - Encourages customers to avail of regular maintenance for their vehicles to ensure optimal engine performance and reduce environmental footprint	Mitigation Adaptation Innovation
LRMC	Deployed bike racks and bike lanes across designated LRT stations and roads through its Bikeways Project	Mitigation Adaptation Innovation
iPeople	- Promotes environment and sustainable development (ESD) as part of its curriculum in Mapua, and includes courses on environmental protection and conservation - Established the Sustainable Development Research Office (SDRO) in 2011, which was renamed the Resiliency and Sustainable Development Center (RSDC) in 2019 – a platform to develop research projects to solve environmental and societal problems	Mitigation Adaptation Innovation

Project Kasibulan embodies Ayala’s commitment to building and managing sustainable ecosystems and communities.

As Project Kasibulan contributed to reforestation efforts and promoted volunteerism among employees across the group, its focus also widened to include the economic welfare of communities as a critical aspect of biodiversity protection.

As it grows and develops into a Reducing Emissions from Deforestation and Forest Degradation (REDD+) initiative, Project Kasibulan adopts the Payments for Ecosystem Services (PES) scheme as a means to incentivize communities for the protection and enhancement of the environment. This allows for a long-term sustainable program that integrates biodiversity protection with economic growth in building the adaptive capacity of both local communities and ecosystems in response to climate change.

The 2019 results and updates can be found on pages 123-124 under Ayala’s commitment to SDG 13.

Biodiversity

Some of Ayala’s business units operate in areas with rich biodiversity. A United Nations Environment Programme (UNEP) report identifies land use change and climate change as critical pressures on biodiversity. Biodiversity loss can lead to the collapse of ecosystem services, which threatens agricultural productivity, livelihoods, and local flora and fauna species. Thus, integral to the group’s commitment to sustainability is responsible operations and environmental management in these locations.

Below are highlighted initiatives of Ayala companies on biodiversity.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	Through regular biodiversity studies in select sites that integrate findings in its development plans, a total of 57 IUCN Red List species were identified, monitored, and protected.
Globe	The company spearheaded a program on marine biodiversity conservation empowering micro, small, and medium enterprises to protect marine life by adapting sustainable approaches to business operations.
AC Energy	The energy platform’s Environmental and Social Management System promotes sustainable business operations by conducting biodiversity studies and assessments to ensure environmental responsibility in its projects. These are agro-forestry programs in Pagudpud and marine and sea turtle sanctuaries in Bangui.
Manila Water	The company maintains its watershed management projects such as the reforestation of Umiray, Ipo, La Mesa, Upper Marikina, Nabaoy, and Luyang watersheds along with Adopt-a-Watershed programs for Ipo watershed and Clark Water.



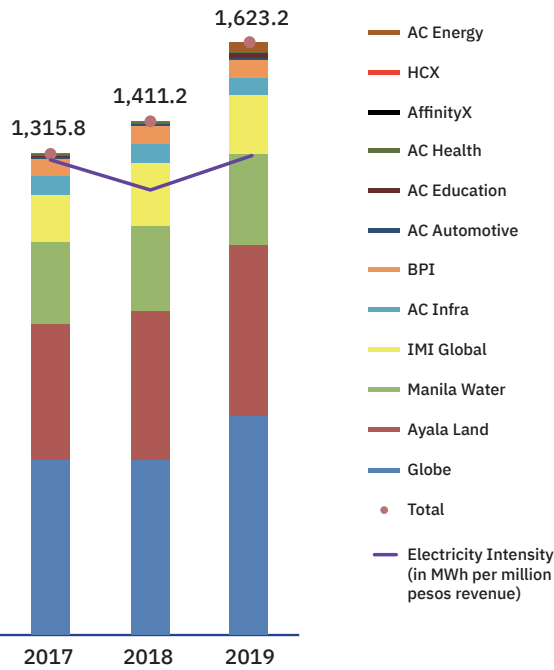
Ayala is mindful of its energy and water consumption.

RESOURCE EFFICIENCY AND WASTE MANAGEMENT
Resource Efficiency

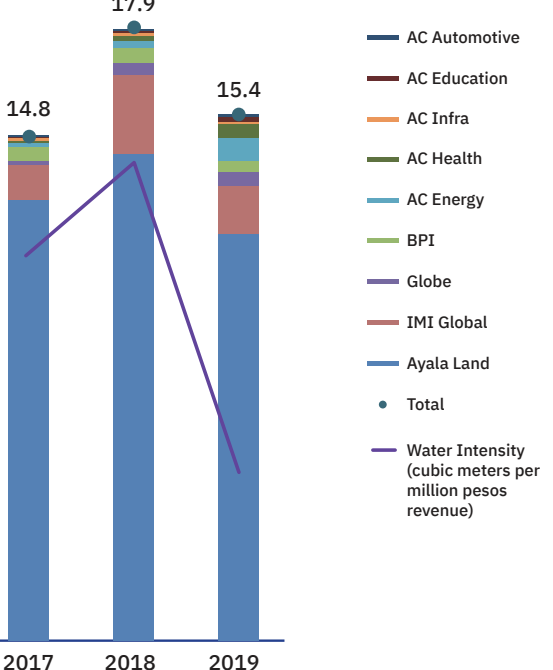
Southeast Asia is one of the most dynamic regions in the world where energy demand is projected to grow by 60 percent in the next two decades. Furthermore, rapid urbanization and development coupled with shifts in climate patterns will increasingly threaten the region’s water security. Being a key player, Ayala’s commitment to resource efficiency is vital.

Ayala constantly monitors its energy and water consumption as key inputs to its operations. In 2019, group-wide consumption of electricity increased while its water consumption decreased. The conglomerate continues to implement energy and water efficiency programs across the group to promote responsible resource consumption.

**GROUP-WIDE ELECTRICITY CONSUMPTION
IN THOUSAND MWH**



**GROUP-WIDE WATER CONSUMPTION
IN MILLION CUBIC METERS**



Below are highlighted initiatives of Ayala companies on resource efficiency.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	As one of ALI’s four focus areas, eco-efficiency addresses the continuing scarcity of natural resources. It uses resources judiciously through energy and water conservation programs such as investments in efficient equipment and various operational improvements.
BPI	The bank continues to improve its energy efficiency by installing LED lighting and inverter-type air-conditioners across its branches. 2019 saw the full implementation of the BPI Credit Cards electronic statement of accounts (eSOA) project. Through this, the bank saved 12.09 million pages of paper or approximately 1,452 trees.
Globe	The company’s cell sites’ energy efficiency increased by deploying 6,948 Green Network Solutions. Its paperless billing operations have led to savings of 655 tons of paper or about 15,717 trees.
Manila Water	Among its resource efficiency initiatives are: installing energy management systems in 10 facilities, shifting to LED lights and inverter air-conditioning units, and optimization of water supply and wastewater operations. MWC also reduced its enterprise-wide NRW to 9 percent, which aligns with the SDG 6 target of increasing water-use efficiency.
IMI	Energy programs such as installation of LED lighting, optimization of operating hours of selected equipment, and upgrading of air conditioning help the company efficiently manage resources. It also has water recycling initiatives in select sites to recover and treat excess water used in its operations.
LRMC	Using regenerative energy (turning deceleration of trains to stored energy) has led to a reduction of 36,000 kWh in energy consumption in train operations.
iPeople	APEC, UNC, and Mapua installed LED lighting. Mapua retrofitted pipelines and set up rainwater catchment systems. Each school has an energy conservation policy where lights and appliances are turned off when there are no classes or activities.

Waste Management

East Asia and the Pacific regions are responsible for 23 percent of total waste generated worldwide¹. Ayala, whose businesses operate in these regions, is in a unique position to contribute to national efforts in waste management. The Ayala Sustainability Council, a platform for sharing best practices, helps cascade programs on waste management and resource efficiency across the group. One of these is Ayala’s reduce, recycle, and recover program.

Embedded within Ayala’s environmental policies is its mandate to promote waste management efforts among its people and to seek effective ways to manage waste. Subsidiaries incorporate waste management into their due diligence process and environmental initiatives. The group also observes proper protocol for the transport, treatment, storage, and disposal of hazardous waste. In 2019, the group generated 48,632 tonnes of non-hazardous waste. Ayala commits to improve its performance in managing its material footprint. *Progress on this is on page 122.*

Below are highlighted initiatives of Ayala Companies on waste management.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	Waste management programs are implemented in select commercial properties and estates. As a result, Ayala Land diverted around eight million kilograms of total waste from landfills including 32,000 kilograms of plastic. There are also clean and dry plastic drop-off booths that serve as educational venues for proper waste management among visitors to its estates. MDC, Ayala Land’s construction arm, maintains its waste management initiatives by recycling 893 tonnes of construction waste. In collaboration with Green Antz Builders, Ayala Land launched a pilot Eco Hub at the 74-hectare Arca South Estate in Taguig. The facility collects discarded plastic materials and recycles them into eco bricks, eco pavers and eco cast.
Globe	Through a mobile recycling program called Project 1 Phone, Globe has recovered and diverted 355,000 kilograms of electronic waste from landfills. Moreover, proceeds of this program will be used to help build classrooms in the Philippines.
AC Energy	The company’s thermal plants recycle its coal ash through partnerships with cement manufacturing companies. In 2019 recycling rate was at 92.35 percent.
IMI	The reduce-reuse-recycle program for the management of non-hazardous waste is followed across IMI sites. Globally, it has recycled 2.5 million kg of its non-hazardous waste.
AC Motors	Treated wastewater is reused in its facilities with sewage treatment facilities.
AC Infra	Monthly waste generation is tracked as LRMC actively promotes waste reduction, composting of biodegradables, PET bottle recycling, and eliminating single-use plastics. These efforts resulted in 85 tonnes of waste diverted from landfills.
iPeople	Mapua has shifted to paperless transactions, and renovated its storage facilities to house waste and hazardous materials.

WORKPLACE EXPERIENCE AND FUTURE OF WORK



Opportunities for growth are abundant in the Ayala group.

Ayala’s Human Resources Council led by Ayala Corporation’s Chief Human Resource Officer, fosters and harnesses synergy to improve human resource services across the group. It also shares best practices to adapt and ride the wave of developments shaping human capital.

In order to continue to be the employer of choice, Ayala acknowledges trends such as the growing number of millennials in the workforce (projected to reach 75 percent by 2025)², emphasis on workplace experience, and flexible working arrangement, among others. The council studies their impact into its businesses and adapts to the changing expectations of the new workforce.

Employee engagement

Ayala gives premium to the holistic development—professional and personal growth—of its employees, aware that the most important aspect of productivity is the human element. An employee whose potentials are nurtured is motivated to perform at an optimum level of efficiency.

Productivity is further enhanced given right working conditions. Across the Ayala group, this is a shared conviction.

Every two years, the Ayala group conducts an employee engagement survey with Willis Towers Watson. Following are the results of the survey.

The group attained a 97 percent participation rate, which is 1 point and 2 points higher compared to the 2017 and 2015 overall participation rate, respectively.

The Willis Towers Watson’s framework measures engagement in three areas—Energy, Enablement, and Engagement. This cycle, the Ayala group’s overall Sustainable Engagement (SE) score is at 87 percent, one point lower than in 2017.

Within the workforce of Ayala, 86 percent consider themselves Energized. Energized employees find a sense of personal accomplishment in their work and in working with others in their team. As a result, they tend to have good individual, interpersonal, and emotional well-being at work.

Among Ayala employees, 80 percent are Enabled and believe that resources and tools are for them to do their job effectively with fewer obstacles.

Meanwhile, 95 percent consider themselves Engaged. More than Energized and Enabled, Engaged employees work more than what is required to ensure success. They have a firm belief in our mission and are proud to be part of the conglomerate. A key finding indicates that Ayala group employees strongly associate with their respective brands and goals.

Key Engagement Drivers

Across the Ayala Group, the following are the strongest influencers to the Sustainable Engagement score:

- Empowerment
A good 89 percent of employees acknowledge they have sufficient authority to do their job well (two points higher than the 2017 performance). About 95 percent believe their work contributes to the company’s business objectives which give them a sense of personal accomplishment.

Our efforts to keep employees informed on important matters affecting the organization keep them empowered. In addition, 80 percent of employees appreciate that Ayala provides a climate where people can challenge and improve traditional ways of doing things (four points higher than the 2017 score). About 82 percent claim their supervisors are receptive to suggestions for change (four points higher than in 2017).

¹ What a Waste 2.0: A Global Snapshot of Solid Waste Management to 2050, World Bank, 2018

² Ernst & Young, “Global generations A global study on work-life challenges across generations”

Employees also feel empowered as 78 percent see they have ample opportunities to improve their skills and grow in the company (three points higher than in 2017). The adequate recognition and non-monetary rewards provided for good performance also drive empowerment. Ayala scored 75 percent in this aspect, which is six percent points higher than the Philippine norm. About 76 percent believe their job performance is evaluated fairly, while 73 percent claim the performance review helped them improve their job performance (score is one point higher than 2017 in both areas). Employees believe the Ayala group did a good job in promoting the most competent people.

- **Operating Efficiency**
The group acknowledges that an efficient and streamlined process enables employees. About 90 percent of our employees recognize continual efforts toward process efficiency. They also see the value of the use of appropriate technology to improve internal operating efficiency. About 80 percent say sufficient effort is being made to make processes more streamlined and cost effective. These interventions help remove obstacles and allow employees to do their jobs effectively.
- **Leadership**
High confidence in senior management decisions keeps employees highly engaged. Ayala scored higher than the Philippine norm on this metric. In addition, 82 percent consider management decisions to be consistent with Ayala values (see page 5).

The high performance on this aspect is due to several factors. Primarily, 85 percent are convinced their management is interested in the well-being of

the employees. Secondly, 91 percent believe their respective companies operate with integrity in its external dealings with customers and suppliers, among others. In fact, 79 percent of employees say internal processes are geared toward providing the best possible service to external clients.

Results also show that employees have high regard for the standards of integrity across the organization, such that the majority are willing to report instances of dishonest or unethical practices to appropriate levels of authority without fear of reprisal.

Finally, the workforce appreciates the way feedback and recognition are provided. About 80 percent declare they get regular feedback on their performance from their supervisors and 83 percent say their supervisor gives recognition for a job well done.

- **Working Relationships**
Good working relationships make teams more effective and energized. A healthy exchange of ideas is crucial for achieving the team’s deliverables. Fundamental to maintaining good working relations is how each employee feels respected. A good 88 percent of employees say they are treated with respect regardless of their role. Employees find good allies in the people within and outside their teams in achieving their deliverables and in managing stress levels.

Below are some initiatives of Ayala companies on employee engagement informed by the results of the 2017 employee engagement survey. Responses to key concerns of employees in Ayala Corporation are available on page 80.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	A holistic approach is in place for Ayala Land’s Wellness Campaign, which aims to look after the mental and physical health, nutrition, and volunteer involvement of its employees.
BPI	The bank integrated its product and channel teams that focus on specific customer segments. This ensures clarity of roles and fosters collaboration among the employees.
Globe	The company shifted to a No-Bell-Curve Performance Evaluation for all its employees. It also gives its employees one day of Volunteer Time-Off to pursue their personal advocacy every year.
IMI	Aside from making sure its employees are aware of their total compensation package, including company cost on non-monetized benefits, IMI also conducts financial wellness programs for them.

AC Infra	LPMC conducts focus group discussions with the CEO and senior management where employees can relay concerns and issues at work, and where management cascades initiatives to establish a culture of excellence.
	Entrego established clubs for employees sharing the same interests and passion, and a committee that draws up monthly activities.
	AF Payments conducts regular “Kamustahan with CEO” sessions to discuss key issues and progress. It also mounts company-wide team building sports activities.
AC Health	Generika has launched GeneriKares, a holistic approach to employee engagement that includes wellness programs, employee recognition, sports fests, and social responsibility initiatives.
	MedGrocer conducts a monthly pulse and bi-monthly townhalls to present latest and upcoming developments and to understand employee concerns.
	AIDE conducts appraisals and provides awards and recognition monthly.
iPeople	Schools conduct regular consultation with different employee groups such as the negotiated increase in benefits for employees in Mapua. Service awards are also given to its employees for their loyalty and dedication.

Enhanced Workplace Experience

Ayala companies continue to improve processes, initiatives, and programs in human resources – from recruitment, training and development, provision of relevant work tools, among others.

Below are some highlighted initiatives on how the Ayala group enhances workplace experience.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	Various digital initiatives helped improve employee services. The company also started an idea generation program to harness employees’ innovativeness and creativity in delivering services to employees through a simplified, efficient, and sustainable approach.
BPI	Capabilities on information systems were improved significantly. A mobile app where employees can view their pay slips, absences, and leaves on the go was also introduced. Moreover, the bank launched its flexible benefits program, which initially covers officers and specialists.
Globe	Digitization enhances employee service. The company’s Employee Virtual Assistance System facilitates management of employees’ travel and expense spending, among others. A flexible benefit program and flexible work arrangement for eligible employees are also offered.
Manila Water	Employees have the option to work from its Work Hubs a few times a week.
IMI	IMI has adopted a Teleworking Policy enabled by modern technology and as a response to changing workforce expectations.
AC Infra	Work from home arrangements are available for certain LPMC employees. The company also runs health and wellness programs.
	Huddle rooms, quiet rooms, and open offices make Entrego’s workplace unique and appealing.
	AF Payments offers flexible working arrangements on an as-needed basis.
AC Health	Generika and MedGrocer optimize the use of technology tools to promote collaboration and engage the millennial workforce.
	AIDE employees are allowed to work remotely or work with flexible schedules.

Ayala ensures safety in the workplace guided by its policies on child and forced labor, occupational health and safety, and hazard management. Ayala does not employ children and does not encourage forced labor across its operations. Furthermore, companies observe strict compliance with relevant rules and regulations on occupational health and safety. We strive to ensure a safe and healthy working environment for our employees. We work with our suppliers to ensure that they, too, adhere to the same standards.

Below are occupational health and safety statistics for a few Ayala companies participating in labor intensive sectors in 2019:

COMPANY	Total number of non-disabling injuries for employees	Total number of disabling injuries for employees	Total number of fatalities (employees)	Safe manhours (employees)
Ayala Land	268	3	3	188,135,950.00
Globe	87	0	0	15,376,609.00
IMI	64	9	0	44,669,530.00
AC Energy	19	1	0	3,281,791.86
AC Infra	10	2	0	2,030,361.00
Manila Water	2	1	0	3,822,578.50

Inclusive Workplace

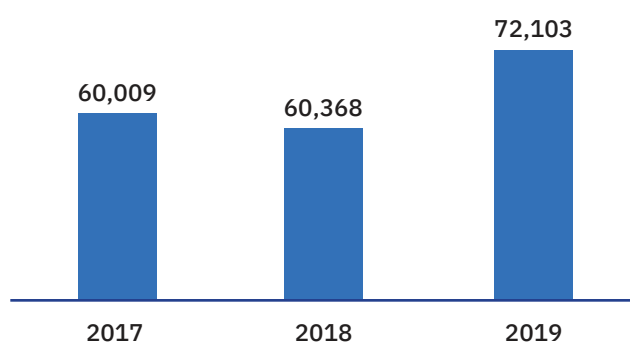
Provided with equal opportunities, a diverse workforce opens companies to innovative ideas that improve the value creation process. The Ayala group provides equal opportunities and strictly enforces its Recruitment, Compensation, and Retrenchment Policy, which does not discriminate on the basis of gender, sexual orientation, political affiliation, among others.

The total number of direct employees across the Ayala group increased to 72,013 in 2019, with male-to-female ratio of 1:1.33. Ayala companies have a young workforce, where 41 percent are under 30 years old and 51 percent are between the ages of 30 and 50.

Below are some initiatives on how our business units create an inclusive workplace.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	Ayala Land implements its anti-discrimination policy and there were no reports of discrimination this year.
Globe	Inclusivity and diversity in the workplace is a priority. The company created the Pride@Globe Workplace Group for the LGBTQI+ community. This was followed by a Diversity Policy where dependents of legally married same-sex couples can avail of the same company benefits with the rest of the employee force.
Manila Water	There is a good mix of female and male leaders in the company. There are venues in the company where employees share and learn from the water crisis experience.
IMI	IMI's Global Hiring Policy ensures a fair, non-discriminatory, and equitable hiring process. With the very tight global talent market, IMI is revisiting requirements for educational attainment for its applicants.
AC Infra	LRMC promotes Gender and Development (GAD) principles from hiring to career development. AF Payments implements a policy against discrimination, harassment, and bullying of any kind.

DIRECT EMPLOYEES



Talent Development and Future of Work

Ayala companies offer various training programs, e-learning platforms, and support in pursuing post-graduate degrees to develop the employees' full potential – professionally and personally.

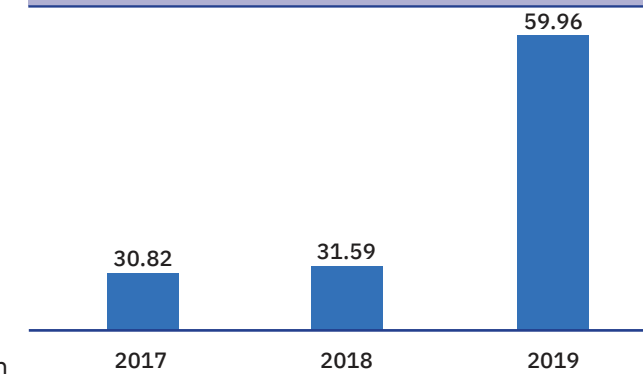
In 2019, Ayala companies provided more than 3.8 million hours worth of training for its workforce, averaging about 60 hours of formal training per employee.

Ayala recognizes that digitalization will propel its businesses to the future and this requires acquisition of new skill sets for its employees. The conglomerate formed a group of data analytics professionals in support of digital transformation.

The following are highlighted initiatives of Ayala companies on talent development.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	To harness creative ideas that will help improve the business and help build a sense of fulfillment among employees, Ayala Land launched its Innovation Challenge.
BPI	Through various classroom training sessions, BPI provided more opportunities on leadership development for frontline leaders and management trainees. Executive coaching and strategy-aligned programs were also offered to all high potential and high performing senior officers. Moreover, a new set of leadership competencies was included in the company's Performance Management System.
Globe	Learning requirements of its employees are managed through Globe University. In 2019, it highlighted these courses: 5G Overview, Network Functions Virtualization (NFV) Fundamentals, Cloud, Data Science, and Agile. Its Data Scientists Program trained 39 fresh graduates from different universities.
Manila Water	Manila Water's key talent development programs include Leadership Excellence and Development, Manila Water Institute of Technology, and Cadetship Program.
AC Infra	LRMC implements a Leadership and Competency Development Programs. It also benchmarks with other rail industries for best practices.
AC Health	Generika launched PharmAcademy, a comprehensive learning curriculum that provides technical training programs for its personnel such as licensed pharmacists. PharmAcademy also offers behavioral and business skills training for pharmacy assistants and supports employees and franchisees within the Generika network.
iPeople	Schools under iPeople give incentives for research publication and research opportunities for faculty members. In addition, upskilling teachers with outcomes-based education, blended learning, and constructivist approaches are conducted.

AVERAGE TRAINING HOURS



CUSTOMER EXPERIENCE AND PROTECTION

Several global trends shape customer behavior and expectations across industries. Knowing how to optimize opportunities, these trends play a vital role in the success of businesses. These include the following:

- Emphasis on customer experience – closing the gap between client expectations and a company's capacity to meet them; knowing that consumers are willing to pay more to save time and for a good customer service; consumers will expect the same level of service, regardless of industry



Digitalization influences our strategies to elevate customer experience.

- Growing concern for data privacy – more personalized products and services require more personal information from customers for targeted forms of advertising; protecting these data is a responsibility businesses should take seriously
- Empowered and conscious customers – products and services that can be personalized and that create an environmental and social impact draw more consumers because these give them control over the way they consume

Always putting customers first, Ayala considers these trends in drawing up innovative approaches to increase customer value, improve customer experience, and empower consumers including those with limited access to basic goods and services.

Customer Experience

Ayala develops channels to meaningfully engage with customers in order to deeply understand and effectively respond to their needs, ensuring a frictionless customer experience.

Below are some of Ayala companies’ programs to improve customer experience.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	To help develop programs attuned to customer needs, Ayala Land established a platform which facilitates improved analytics. This sales information platform is constantly refined and enhanced.
BPI	The Customer Assistance Program ensures that all feedback from customers and potential customers are well handled within the bank’s consumer protection policies. The bank continuously conducts information and education campaigns through its Financial Consumer Protection Program.
Globe	With a deeper understanding of customer needs and challenges, Globe reimagines end-to-end processes and delivers relevant omni-channel enabling capabilities for a frictionless customer experience. The company empowers its frontliners to serve customers better by focusing on more value-adding tasks and elevating the quality of their interactions with customers.
Manila Water	As a response to water availability issues, Manila Water now provides additional water supply by producing 100 million liters per day of potable water from Cardona Water Treatment Plant.
AC Motors	Customers have more choices as a wide array of automotive models are available. After sales support includes sending periodic maintenance reminders to ensure that their vehicles remain in good condition.
AC Infra	LRMC developed a mobile application, IkotMNL, which provides information on crowd volume and train arrival time. The company continues to improve its facilities such as replacement of tracks in the heritage line and expansion of the EDSA Station.
	AF Payments continuously develops the beep™ mobile app as a tool for a seamless customer user experience. This also includes working with partners for a convenient app-based loading and for expanded usage of QR ticketing.
	MCX provides better experience for its customers through its strict adherence to its maintenance plan and regular customer service training of its personnel.
	Entrego continuously improves and develops its customer service channels including enhanced training for its frontliners.
AC Health	Generika provides its customers with a printed instruction, Gamot Guide, on responsible medicine intake, proper storage, and side effects of certain medicines. Customers may also avail of MedPadala, an electronic gift certificate, which they can send to their loved ones to ensure that money is spent on medicines.
	MedGrocer integrates patient counselling in medicine delivery. The company also partners with health management organizations and pharmaceutical companies for medicine subsidies.
	AIDE continues to develop its app for a seamless experience. It also partners with more medical service providers, health maintenance organizations, and insurance companies.
iPeople	To ensure holistic growth and formation, all schools offer additional institutional co-curricular activities. Mapua University and Malayan Colleges implement online application and exams for prospective students.

Ayala companies monitor customer satisfaction using relevant metrics to their industry. Following are the results of customer satisfaction surveys for the last three years:

COMPANY	METRIC	DESCRIPTION	2017	2018	2019
Ayala Land	CSAT	Percent of tenants satisfied with property management services	92%	86%	89%
Globe	Net Promoter Score	A measure of how likely customers recommend its service to others (-100% means everybody are detractors while +100% means everybody are promoters)	27%	38%	27%
Manila Water	Service complaints resolution	Percent of service-related complaint resolved	96%	99%	99%
	Billing complaints resolution	Percent of billing-related complaint resolved	95%	99%	98%
IMI Philippines	CSAT	Scoring guideline that cover specific customer requirements such as Quality, Cost, Delivery, and Responsiveness that are defined and agreed with customers	4.66	4.60	4.60
Honda	CSAT (sales)	Percent of customers who are satisfied with new vehicle sales	97%	96%	96%
	CSAT (services)	Percent of customers who are satisfied with vehicle service provided	84%	90%	93%
Isuzu	CSAT (sales)	Percent of customers who are satisfied with new vehicle sales	88%	89%	90%
	CSAT (services)	Percent of customers who are satisfied with vehicle service provided	96%	87%	89%
Volkswagen	CSAT (sales)	Percent of customers who are satisfied with new vehicle sales	89%	89%	85%
	CSAT (services)	Percent of customers who are satisfied with vehicle service provided	89%	83%	88%
Generika	CSAT (internal)	Percent of customers who are satisfied with Generika’s services based on internal measurement	63%	82%	-
	CSAT (external)	Percent of customers who are satisfied with Generika’s services based on third party measurement	90%	80%	-
MedGrocer	CSAT (internal)	Percent of customers who are satisfied with MedGrocer’s services based on internal measurement	90%	94%	98%
	CSAT (external)	Percent of customers who are satisfied with MedGrocer’s services based on third party measurement	-	92%	87%
FamilyDOC	Net promoter score	A measure of how likely customers recommend its service to others (-100% means everybody are detractors while +100% means everybody are promoters)	80%	56%	34%
LRMC	Customer complaint resolution rate	Percent of complaints resolved	-	100%	100%

Customer Protection

Ayala ensures the safety of its customers within its facilities by deploying well-trained security personnel in their vicinity and by training our employees on emergency drills.

Beyond safety from physical threats, Ayala also puts importance on protecting the fundamental right to privacy of its customers in compliance with the Data Privacy Act. Data privacy trainings are conducted for all employees annually.

Some of the other initiatives of Ayala companies on customer protection include:

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	Goals for the company’s digital transformation: To create a better, faster, and relevant online experience for its customers aligned with the Data Privacy Act.
BPI	The bank conducts Privacy Impact Assessment on new and existing processes, systems, projects, and products. Appropriate data processing safeguards are implemented consistent with the bank’s risk strategy to maintain data confidentiality, integrity, and availability.
Globe	The company expanded the size of its cyber security team, adopted world-class standards, and ran in-depth Privacy Impact Assessments with external partners as customer protection initiatives. Its Advanced Security Operations Center continues to deliver cyber security-related services for both the company and the network of its customers.
IMI	The EMS company conducted data penetration testing and information security audits.
AC Infra	With regard to security within its facilities, the company has installed x-rays to ease inspection and CCTV and roving guards for added security. AF Payments promotes transparency by clearly stating in its Terms and Conditions what the data gathered will be used for. Entrego organized a data privacy team in accordance with the Data Privacy Act.
AC Health	Generika conducts a Privacy Impact Assessment prior to the launch of selected projects. The company also launched the e-learning module for the Data Privacy Act, which was cascaded to the Head Office, warehouse, and store personnel. MedGrocer engages its medicine suppliers for Privacy Impact Assessments. AIDE set up data protection protocols, both technological and physical, to avoid data breaches.

Customer Empowerment

Ayala provides options and resources to customers to give them more control over their purchases and the kind of experience they want to have. This includes providing assistance to vulnerable groups for better access to our products and services and offering more options for a sustainable lifestyle.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	Ayala Land has a digital platform which enables residential customers to keep track of their property transactions. Specific to Ayala Malls, the Zing App provides customers incentives and special rewards and personalized experience to explore the mall. Likewise, Ayala Malls continues to provide priority shopping experience to persons with disabilities, senior citizens, and pregnant women through dedicated facilities such as wheel-in-service, dedicated parking slots, and priority lanes, among others.
BPI	The bank offers a wide range of innovative financial products including options for low-income and underserved segments. For its corporate clients, the company promotes investments in industries that strengthen urban and countryside development and that adopt cleaner, low carbon, and resource-efficient technologies.
Globe	Through Amazon Connect, Globe transforms hotline experience and better equips customers to resolve their concerns and inquiries. Its chatbot and virtual assistants, Gie and Thea, are now embedded in all digital channels. Its GlobeOne and GlobeAtHome mobile applications empower customers to manage their accounts. Globe Community allows its customer community to exchange learning and get help from each other.

AC Infra	LRMC gives priority to PWDs, pregnant women, children, and the elderly by dedicating the first light rail vehicle in each train set, assigning a different queuing line, providing wheelchair area inside the train, and ensuring operational elevators and escalators. With the beep™ Card Expiry Extension Program, AF Payments gives its cardholders the option of extending the validity of their cards by another year thereby reducing the need to purchase a new card and dispose of the old.
----------	---

EQUITABLE BUSINESS PRACTICES



Ayala contributes to economic growth through its diverse businesses.

The Philippine government is firm in its goal to reduce the number of Filipinos who cannot afford basic necessities to 11 percent by 2022, using as a point of reference the 16.6 percent poverty incidence in 2018.

Recognizing the influence of businesses to the country’s economic performance, Ayala aims to contribute to SDG 1 (No poverty) and SDG 8 (Decent work and economic growth) by creating

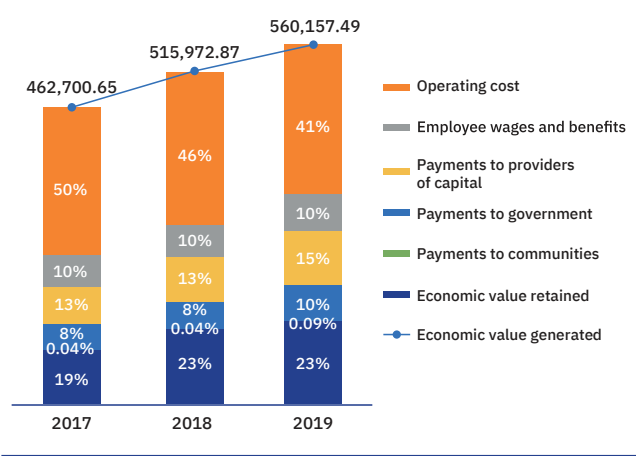
economic values that improve lives, especially for the underserved and unserved. Moreover, Ayala observes fair and ethical practices in its business activities.

Economic Value Distribution

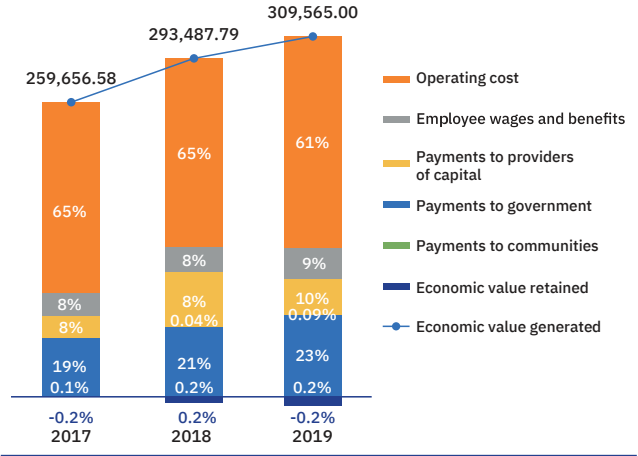
Ayala contributes to economic growth through distribution of economic value among various stakeholders. In 2019, the total economic value generated by the Ayala group increased by 8.5 percent to about ₱560 billion. This growth was driven by significant increases in revenue of ALI, BPI, and Globe, and divestment gains from AC Energy and AC Education.

Of this total value generated, 76 percent was distributed to stakeholders while only 24 percent was retained by the companies. About 41 percent was used to pay suppliers to cover operating costs, 10 percent to employees, 15 percent to providers of capital, and 10 percent to government and community investments.

GROUPWIDE ECONOMIC PERFORMANCE - IN MILLION PESOS



PARENT COMPANY ECONOMIC PERFORMANCE - IN MILLION PESOS



At the parent company, total economic value generated increased by five percent to ₱309.6 billion and total economic value distributed to stakeholders also increased by six percent to ₱318.9 billion.

Sustainable Procurement Practices

Ayala companies encourages their suppliers comply with quality standards and ethical practices. Our business units have their respective supply chain policies and code of conduct that require suppliers to undergo an accreditation process to examine their legitimacy, technical competence, financial capability, service quality, and, in some cases, their sustainability performance. In particular, Ayala Land, Manila Water, and IMI use environmental and social criteria for their supplier accreditation process.

Below are examples of our business units’ initiatives.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	The ISO 20400:2017 guidelines for Sustainable Procurement is the benchmark for Ayala Land’s supply chain policies and processes to align with sustainability standards. It is currently drawing up a Sustainable Procurement Roadmap to enable vendors to adhere to sustainability standards of the company and provide additional requirements.
Globe	In 2019, a Supplier Self-Assessment Survey was launched via their procurement systems. To further extend sustainability to its supply chain, the company plans to conduct external audits for its critical suppliers in the next few years.
AC Energy	Capacity building is incorporated into the company’s supply contracts with critical vendors. Across the areas where it operates, the company establishes strategic partnerships with local suppliers and service providers.
Manila Water	Regular audits for critical vendors, which include a review of environmental and social risks, are conducted. The company also enables local job creation through its strict adherence to the engagement of local companies for major capital expenditure projects.
IMI	The global EMS company complies with and requires suppliers to adhere to the Responsible Business Alliance Code of Conduct.
AC Health	Generika products are Food and Drug Administration (FDA) compliant and fit for human consumption. They also conduct audits of manufacturing facilities and review processes of new suppliers. They further monitor validity of Certificates of Product Registration and constantly communicate with suppliers of House Brand products for any products due for renewal.
iPeople	Mapua Schools improved their centralized online system to streamline procurement and financial processes. The company is working on integrating its other schools specifically NTC, UNC, and APEC Schools to the centralized financial system.

Some Ayala companies are more deliberate in their commitment to support local economic growth, cognizant that supporting local suppliers improves economic activity. The following table shows the percentage of procurement budget spent on Philippine-based suppliers by these Ayala companies.

COMPANY	PERCENT LOCAL SPENDING
Manila Water	100%
AC Energy	99%
AC Infra	87%
HCX	81%
Globe	59%



Ayala encourages its supply chain to adopt ethical and responsible practices.



Volunteerism is encouraged across the Ayala group.

Community Engagement

Ayala builds trust among the people in areas where its businesses operate by creating value that benefits all and managing the impacts its operations may have.

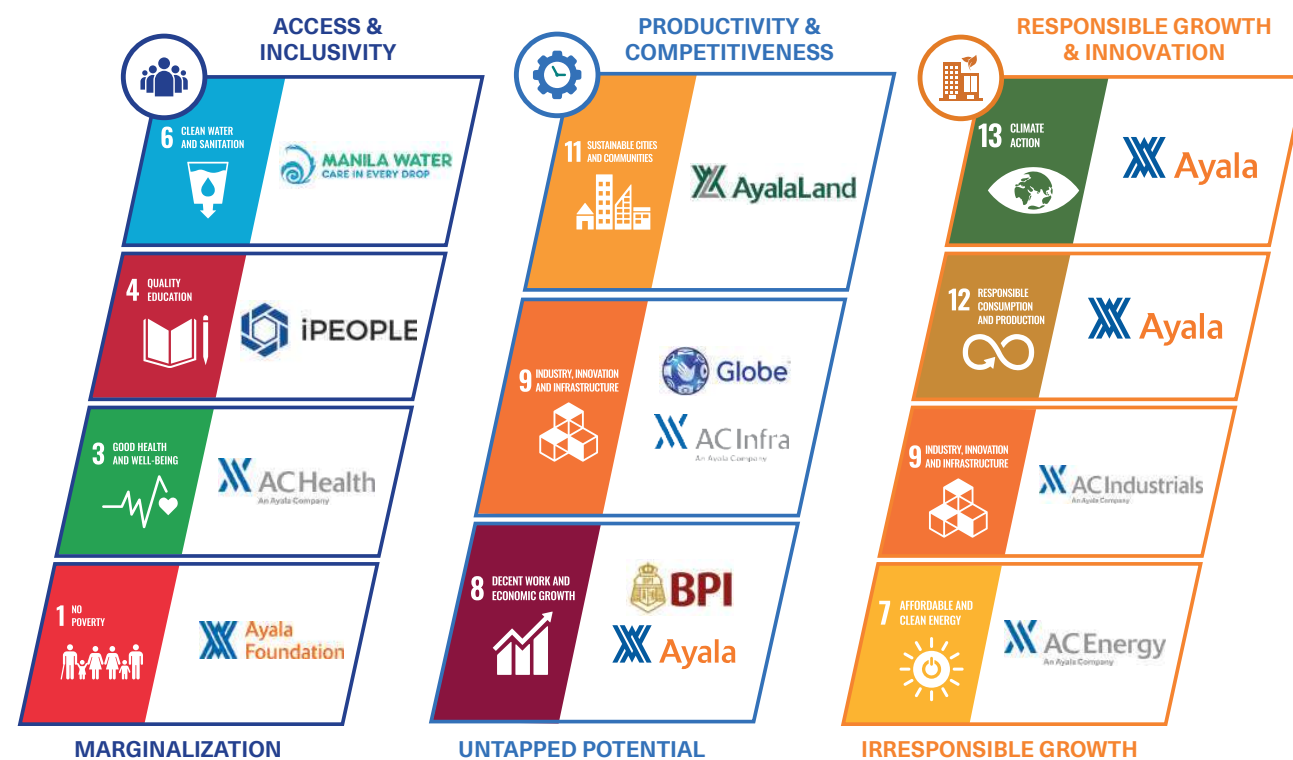
Each business unit has community engagement programs that help build capabilities not only among beneficiaries but also project partners including LGUs. Most programs encourage and support volunteerism among employees.

Ayala continues to nourish the spirit of volunteerism among its employees. Its biggest volunteer-driven initiative in celebration of its 185th year is a combination of activities spanning environmental causes, donation drives, and outreach programs. When it was launched, a target of 185,000 hours was committed. This was eventually surpassed with more than 600,000 volunteer hours through the combined efforts of employees across the group.

Below are some initiatives on community engagement by the Ayala group.

COMPANY	HIGHLIGHTED INITIATIVES
Ayala Land	- Alay sa Komunidad Program in Alviera turned over four classrooms to relocated Brgy. Sapang Uwak Elementary schools. - From Hooks to Books teaches guests traditional bottomline fishing. Through the program, partner fishermen in El Nido received a total of ₱2.9 million to fund their activities and projects such as a community library and environmental education for kids. - Through the Corporate Vegetable Program, 25 rice farmers in El Nido and Narra, Palawan were re-tooled and re-skilled in fruits and vegetables farming.
BPI	- Palengke Caravan provided 53 sessions of entrepreneurial financial literacy workshops for self-employed, micro-entrepreneurs. - Sulong, a financial education and entrepreneurship module for migrant workers and their families in Hong Kong and Singapore, reached a total of 4,213 Overseas Filipino workers and 12,532 family members in 2019. - Tech-Voc Program conducts training programs that combine valuable technical-vocational skills with entrepreneurial and management skills. In 2019, 16 trainings were conducted across 10 communities with a total of 457 community members.
Globe	Key community engagement strategies - Creating proofs of concept on the use of technology to address social issues in specific communities - Supporting government programs - Monitoring social return on investment (SROI) of community programs Programs with high SROI - Developing modules to foster a safe, inclusive, and collaborative online environment, assisting LGUs on marine conservation and rehabilitation, and supporting advocacies of its subscribers through Globe Rewards. - Through its Marine Biodiversity program, Globe introduced underwater mapping to select LGUs to access information that can be used to develop targeted plans on marine biodiversity rehabilitation and conservation in four coastal communities and major tourist destinations in Bohol, Siargao, and Palawan. - Globe provides access to all subscribers to contribute to their advocacy by donating their Globe Rewards points using their mobile application. Some partner organizations include Save Philippine Seas, Philippine Animal Welfare Society, Philippine General Hospital Medical Foundation, and Hineleban Foundation.
AC Energy	As part of AC Energy’s flagship sustainability program, the Conservation Estate reiterates the company’s adherence to the Ayala group philosophy of creating value not just for its businesses, but for the environment and communities where they operate. The program completed its pilot phase and is in the process of scaling up.
Manila Water	The company runs an integrated Water, Sanitation, and Hygiene program, which is a participatory intervention that will result in access to clean and potable water and improvement in sanitation facilities and hygiene practices in the communities. In 2019, it adopted two new communities, Sitio Monicayo in Mabalacat City, Pampanga, and Barangay Sapang Uwak in Porac, Pampanga, reaching more than 2,000 residents. Other flagship community programs include infrastructure programs for drinking and sanitation facilities in public institutions and low-income communities.

Buoyed by the knowledge that we have maintained strong foundations across the five materiality themes that we focused on in our 2019 assessment presented by emerging trends, we are confident that we can deliver more to our stakeholders.



THE AYALA SUSTAINABILITY BLUEPRINT

Bridging Gaps, Improving Lives

We commit to improve the lives of Filipinos in a meaningful and lasting way. We do this following clearly defined pathways—access and inclusivity, productivity and competitiveness, responsible growth and innovation—towards 2030 mapped in the Ayala Sustainability Blueprint.

We align our desire to bridge societal gaps with the UN Sustainable Development Goals with the blueprint as a guide, valuing potential, reinventing businesses, and transforming communities.

With this Integrated Report, we recognize the business units, our champions, and their

respective SDG targets as we continue to address marginalization, untapped potential, and irresponsible growth issues. We review each champion's strategies every two to three years to ensure relevance considering game-changing technologies and innovations, evolving needs, and complex situations in today's customer-centered business world.

Building on the gains of being leaders in the field, incubating businesses that make up a resilient portfolio, and strengthening a risk-aware culture will accelerate our growth into a future-ready Ayala Corporation.



Ayala Foundation works with Lio Sibaltan weavers.

Sixteen percent of Filipinos are considered poor and not able to meet their basic needs despite a growing Philippine economy³.

Poverty unreasonably limits the ability of people to contribute to a stable economy and society, which is necessary to sustain our growth as a business and the development of our country.

Through Ayala Foundation, we work to address extreme poverty especially in communities surrounding our areas of operations. We employ a holistic approach in designing and implementing our programs, from capacity building for our beneficiaries, to making products of value, and to finding them the markets to realize economic gains of their efforts.

Ayala Foundation became the first organization to receive a Social Value Certificate, following a stringent two-year examination process. This proves that their approach to deliver social value meet international standards.

Below are three highlight programs that have been effective in poverty alleviation:

El Nido Community Development Program

This was designed to enable communities to better participate and access opportunities in the booming economy of El Nido, Palawan.

We partnered with businesses, local government, and community folk to implement nine livelihood projects including vegetable farming, tricycle operations, traditional weaving, and cashew nuts and cocoa production.

We worked with educational institutions to provide senior high school students on-the-job training opportunities in the hospitality industry to boost their employability upon graduation. We also held job fairs to make it easier for job seekers to access employment opportunities in our properties in El Nido. During disaster emergencies, such as the flood in 2018, we supported affected families by providing relief packages, medical assistance, and repair kits.

We assessed the effectiveness of our interventions using the Social Return on Investment (SROI) methodology. Our finding showed that the economic value created for our beneficiaries is 26 times more than the funds we spent on the projects.

³Philippine Statistics Authority, 2018



ACCESS & INCLUSIVITY

1 NO POVERTY



Ayala Foundation, Inc. (AFI)

Target:
To support anti-poverty frameworks resulting in 50 percent reduction of extreme poverty in AFI project areas

MDC Greens Ornamental Farm

This project targeted families relocated to Calauan, Laguna who were victims of Typhoon Ondoy in 2009, and those displaced by the Pasig River Rehabilitation Program. We trained our beneficiaries on farming to enable them to grow ornamental plants and organized them into a cooperative. Their 35-member cooperative now runs a five-hectare ornamental plant farm that supplies Makati Development Corporation’s landscape projects.

This year, we have realized a 10 percent increase of their income to ₱7,700 per month. We continue to assist the community to bring their project to scale by linking to more markets to ultimately bring them out of poverty.

Iraya-Mangyan Development Program

The project for the indigenous community in Puerto Galera, Oriental Mindoro focused on skills training and education. Ayala Foundation worked with the community to preserve its weaving tradition while generating economic benefits for themselves. The beneficiaries were enabled to produce woven nito products, accessories, and beaded bags. They were also trained to offer eco-cultural tour guiding services. These activities generated approximately ₱4.7 million in 2019 and ₱4.2 million in 2018. The Iraya-Mangyan beneficiaries received ₱1.6 million out of the total earnings in 2019. The program generated 118 jobs in 2019, a 48 percent increase from 2018.

Additional support we provided the community were: educational assistance to 303 students, feeding programs for 281 students, and free medical consultations to 6,790 patients.

We see how these three community programs have improved the lives of our beneficiaries. Ayala Foundation’s SROI study showed that these are highly effective models for creating social value and addressing poverty. We continue to look into opportunities to replicate these models in more areas where we have market presence.

Indicator	2018	2019	Percent change
Jobs generated (El Nido)	213	357	64%
Jobs generated (Calauan)	31	35	13%
Average farmer income in PhP (Calauan)	6,979	7,700	10%
Jobs generated (Mindoro)	80	118	48%
Income generated in million PhP (Mindoro)	4.2	4.7	12%
Educational assistance beneficiaries (Mindoro)	281	303	8%



AC Health employees as frontliners in the Covid-19 pandemic.

Out of pocket health expenses by Filipinos increased by 10.5 percent⁴, making access to healthcare products and services difficult. This condition may be improved by the Universal Health Coverage (UHC) Law, which automatically enrolls all Filipinos to the National Health Insurance Program. However, the current state of the national health system is seen to experience challenges to accommodate a potentially bigger demand.

A healthy population is essential for an economy to thrive. Investing in healthcare institutions is another step for Ayala to improve the lives of Filipinos.

AC Health aims to build an inclusive healthcare ecosystem. It has built a roadmap to strengthen its commitment to the implementation of the UHC Law.

The company strengthens every pillar of its portfolio, from clinics, pharmacies, health technology, and hospitals, through process improvements, synergy, and further acquisitions.

Clinics:

FamilyDOC expanded its network of clinics to 74 from 54 in 2018. The clinics served over 495,000 new unique patients. Turnaround time showed a nine-minute improvement from 45 minutes in 2018.

AC Health’s investment in Healthway added seven mall-based multi-specialty clinics and 40 corporate clinics to its network.

Pharma:

Generika’s 804 branches nationwide offer high quality and reasonably priced medicines. Its MEDPadala electronic gift checks ensure that money sent to loved ones is spent on needed medicines. MEDPadala transactions significantly increased to 40,818.

Investments in pharmaceutical products importer and distributor, IE Medica and MedEthix, respectively, bring in a wider range of affordable medicines to AC Health’s Generika and FamilyDOC outlets accessible to low income communities.

⁴Philippine Statistics Authority, 2018



ACCESS & INCLUSIVITY

3 GOOD HEALTH AND WELL-BEING



AC Health

Target:

To champion Universal Health Coverage in the country by providing the largest primary care network, expanding access to quality and affordable medicines, and improving essential hospital and specialty services, touching the lives of one in five Filipinos

AC Health

Technology-enabled platforms:

MedGrocer, an online pharmacy platform, continues to provide a wide variety of affordable high-quality vaccines, medicines, and clinic supplies to its growing base of retail clients, which increased by 27 percent in 2019. It also grew its network of corporate clients from 450 covering 460,000 employees to 600 corporate clients covering about 520,000 individuals.

AIDE, AC Health’s home-based healthcare platform, continues to develop and provide a competent personal primary care option. It has nearly 800 medical specialists and healthcare professionals from over 70 cities and municipalities across the Philippines.

Hospital:

AC Health continues to expand its portfolio of medical facilities as it is poised to invest ₱2 billion to build the first cancer specialty hospital in the Philippines.

Partnerships:

Together with the Ateneo Professional Schools, AC Health organized the Health Leadership Summit that brought together key stakeholders from the government, private sector, and the academe to engage in meaningful discussion and collaboration towards the implementation of the UHC Law.

AC Health’s expansion of its healthcare facilities and investments increases its ability to reach more medically-underserved Filipinos.

Indicator	2018	2019	Percent change
FamilyDOC clinics	54	74	37%
Unique patients served (FamilyDOC)	240,000	495,000	106%
Generika branches	816	804	-1%
MedPadala transactions (Generika)	3,110	40,818	1,212%
Retail clients (MedGrocer)	6,300	8,000	27%
Corporate clients (MedGrocer)	450	600	33%



UNC successfully graduated college, high school, and elementary students.

Based on the 2017 Annual Poverty Indicators Survey (APIS)⁵, about three million Filipinos aged 16 to 24 years old were out-of-school children and youth.

Lack of access to quality education is one of the biggest barriers to Philippine development. At Ayala, we see this as a strategic area of work as it delivers multiple impacts in the development areas of poverty alleviation and human capital building, which we need for our businesses.

We believe addressing this challenge requires us to build scale by collaborating with other businesses, government, and communities, while optimizing available resources.

Since 2012, we have started investing in educational institutions and have been steadily growing our portfolio over the years. In May 2019, the Ayala and Yuchengco groups finalized the merger of AC Education and iPeople, placing seven educational institutions under one entity. These institutions can serve about 60,000 students, mostly within the 15 to 24 age range.

Our portfolio today covers primary, secondary, and tertiary educational formats.

Affordable Private Education Centers (APEC) Schools in Metro Manila, and in the provinces of Rizal, Cavite, Laguna, and Batangas

- Serves 15,815 junior and senior high school students for SY 2019-2020
 - 44 percent are from the D and E market segments
 - 5,225 students with government-subsidized scholarship
 - 69 students with school-subsidized scholarship
- Successfully graduated 3,287 senior high school students
 - Out of total graduates, 483 sought jobs and 93 percent were given job offers, wherein 71 percent accepted

University of Nueva Caceres (UNC) in Naga City, Camarines Sur

- Serves 7,617 students from elementary, high school and college for SY 2019-2020
 - 57 percent are from the D and E market segments
 - 4,242 students are with government-subsidized scholarship
 - 55 students are with school-subsidized scholarships
- Successfully graduated 888 college students, 710 SHS graduates, and 89 elementary students

⁵ Philippine Statistics Authority, 2018



ACCESS & INCLUSIVITY

4 QUALITY EDUCATION



iPeople

Target:

To help ensure equal access for all women and men for 85 percent (1,258,095) of non-working population (aged 15 to 24) to affordable and quality secondary and tertiary education, including university, through our own schools and helping other institutions

iPeople

National Teachers College (NTC) in Manila

- Serves 10,632 students from high school and college for SY 2019-2020
 - 67 percent are from the D and E market segments
 - 8,957 students with government-subsidized scholarships
 - 171 students with school-subsidized scholarships
- Successfully graduated 945 senior high school students and 1,159 college students
- NTC offers additional support for students to increase employability through the Professional Employment Program (PEP) program. In 2019, out of 177 PEP graduates who sought jobs, 159 gained employment within 90 days after graduation.

We have come a long way in building our capacity to meet the country's growing need for access to quality education but we also know we still have a long way to go. We will continue to innovate better and look for more creative ways to tackle this challenge to bring our solution to scale.



Manila Water continues its efforts to deliver safe and reliable water.

Nearly seven out of 105 million Filipinos do not have access to potable water while more than 24 million do not have proper sanitation⁶.

Access to water and proper sanitation is a basic human right and fundamental to our development as a country. Ayala responded to the call of the government to improve the grossly inadequate water infrastructure when it entered the water and sanitation space in 1997. We considered it as an opportunity to contribute meaningfully to nation building.

With partners such as the International Finance Corporation (IFC), Manila Water was formed to focus on laying the water infrastructure throughout the Manila Concession East Zone. The goal was to continually address leakage and bring water pressure to a level that ensures round-the-clock water access to all residents in the area.

Over the years, Manila Water has invested over ₱166 billion to improve water and wastewater services. We have installed over 5,500 kilometers of pipes and built two new filter plants, 32 new reservoirs, and 113 pumping and booster stations.

⁶ According to water.org, a global non-profit organization that conducted research, designed, and ran pilot projects for water and sanitation in the Philippines.

These improved coverage in the Manila Concession from serving three million people in 1997 to over seven million people today. Among these are two million customers from the poor and marginalized sector, who now save up to 90 percent of what they would otherwise spend on vended water.

We have also rehabilitated and constructed 40 wastewater treatment facilities in the Manila Concession and five times more sewer network capacity to connect more residents to proper sanitation. In the Manila Concession, wastewater facilities treated 44.9 million cubic meters of wastewater and removed 6,302 tons of organic pollutants.

Despite recent challenges in water availability, Manila Water marginally increased water delivery compared to 2018. The completion of the Cardona Water Treatment Plant resulted in an additional 100 million liters of potable water per day.

Manila Water also reduced water losses to ensure that more water reached its customers. In 1997, water losses were at 63 percent in the Manila Concession. We managed to bring it down to 12 percent, saving 700 million liters per day. We further brought down the losses from 11.4 percent in 2018 to 10.4 percent in 2019.

Manila Water has since expanded its investment in local and international companies delivering water and wastewater services. Outside the Manila Concession, the company has presence in Bulacan, Boracay, Clark, Cebu, Laguna, Pangasinan, Tagum, and Zamboanga, as well as in neighboring countries such as Vietnam, Indonesia, and Thailand.

Enterprise-wide, Manila Water was also able to reduce water losses from 9.6 percent in 2018 to 9.0 percent in 2019. Across all business units, wastewater facilities were able to treat a total of 64.2 million cubic meters of wastewater and removed 13,440 tons of dissolved organic pollutants, helping preserve essential bodies of water.

Ensuring water access and availability and increasing sewerage coverage and capacity is a continuing work of Manila Water. We exert all efforts to ensure that we fulfil this mandate and reach our SDG 6 target.

Enterprise-wide indicator	2018	2019	Percent change
Water pipes laid (in kilometers)	7,600	9,340	23%
Billed connections	1,000,000	1,191,448	19%
Water delivered (in million cubic meters)	1,160	1,256	8%
Sewer connections	142,000	273,099	92%
Wastewater treated (in million cubic meters)	62.4	64.2	2%
Average non-revenue water	9.6 %	9.0 %	0.6%



ACCESS & INCLUSIVITY

6 CLEAN WATER AND SANITATION



Manila Water Company

Target:

To provide equitable, reliable, and safe water access in all its concessions, and continuously increase access to new markets



PRODUCTIVITY & COMPETITIVENESS

8 DECENT WORK AND
ECONOMIC GROWTH



Ayala Corporation

Target:

To support full and productive employment and decent work for all and equal pay for work of equal value by ensuring employment remuneration is 10 to 20 percent above the industry average



Ayala annually conducts summits for its workforce.



According to the Philippine Statistics Authority, the national employment rate in 2019 is estimated at 94.6 percent. However, 13.9 percent of these are underemployed, and expressed interest in more job opportunities. As one of the biggest business houses in the country, Ayala recognizes its responsibility to help address this gap.

Ayala creates a workplace that ensures all its 72,000 employees achieve their full potential, recognizing that its continued growth is propelled by productive and engaged employees.

Our business units employ a consultative process in defining career development paths. Training needs are jointly determined by employees and their managers. On the average, every Ayala employee received 60 hours of training in 2019, with those in rank-and-file positions given the most at an average of 101 hours of training.

We strive to provide a good employee experience from the moment one gets hired in any of our companies. Best practices we noted include flexible working hours, teleworking with the use of technology, work hubs in



Ayala provides leisure activities to promote work-life balance.



Ayala annually conducts sports events for its employees.

strategic locations to reduce employee commute, and provision of digital tools to improve productivity. We also drive productivity by streamlining processes, providing appropriate authority, and removing obstacles that get in the way with job efficiency.

We encourage diversity, respect, and healthy exchange of ideas to foster good working relationships among our employees. Non-discrimination in the hiring, training, promotion, and other processes is strictly observed. Gender diversity among permanent employees is at a 1:1.33 men-to-women ratio.

Our benefit packages remain competitive. We offer benefits beyond regulatory requirements such as health coverage and stock options. Results of a 2019 survey show that Ayala Corporation's employee compensation is about 10 percent above industry average.

Keeping our employees productive and engaged is a continual improvement process. We keep up with emerging workplace best practices and the evolving expectations of our people, especially the younger professionals. We continue to deliver meaningful and productive jobs for our employees and provide career growth opportunities to help close the underemployment gap of the country.

More information on the Ayala group's employment performance can be found on pages 94-98.



PRODUCTIVITY & COMPETITIVENESS

8 DECENT WORK AND ECONOMIC GROWTH



BPI

Target:

To expand access to banking and financial services to 25 percent of the underbanked population of the Philippines (addressable C and D markets)



BPI reaches more Filipinos through its array of products and services.

According to the latest financial inclusion survey by the Bangko Sentral ng Pilipinas, over 70 percent of Filipinos do not have access to formal financial services. This curtails their ability to improve productivity and quality of life.

Ayala tackles this challenge through its subsidiary, BPI, which considers this gap as an opportunity to grow its market and contribute to poverty alleviation and human development. Its financial services drive entrepreneurial activity, productivity, and overall economic growth.

BPI reaches more Filipinos and businesses by expanding its deposit franchise and delivery infrastructure in Metro Manila and in key cities. This expansion is balanced and complemented by outlays in its digital infrastructure.

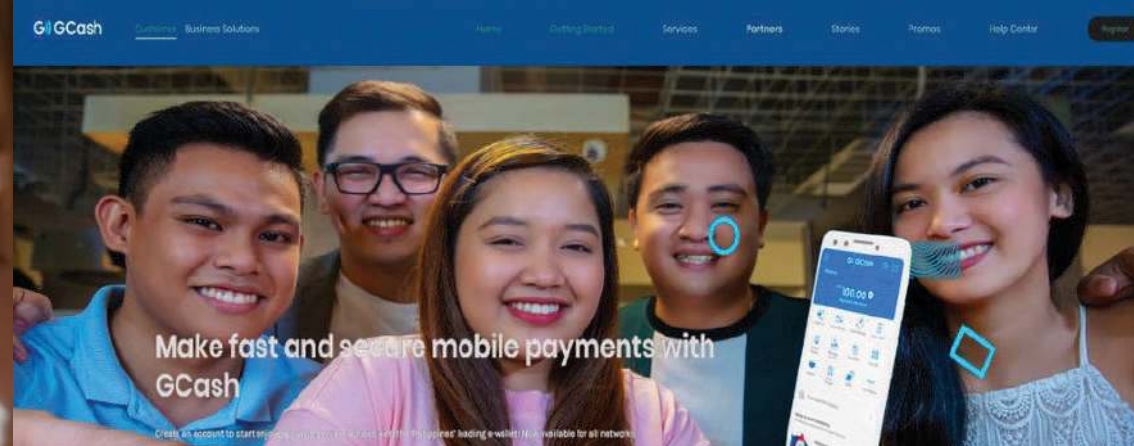
To cater to the underbanked market's needs for credit facilities access, BPI repositioned its microfinance business strategy under BPI Direct BanKo, Inc. from a mobile-based to a more traditional in-person model, targeting self-employed micro-entrepreneurs.

BanKo grants business loans based on well-grounded credit parameters and provides quick turnaround times and lower interest rates versus traditional money lenders. The shift to a more traditional business model allows for a more effective know-your-customer process, leading to efficient collection and reduction in non-performing loans. Its 300 branches nationwide serve a total of 100,000 self-employed micro-entrepreneurs (SEME) with the help of 800 loan specialists hired in 2018.

Through these innovations, BPI has more than doubled the number of SEME clients served, and almost tripled its disbursed microfinance loans from 2018 to 2019.

These recent years have been very encouraging for BPI as its financial inclusion strategies have been proven effective. It looks to scale these even further in the next few years to meet its commitment to reach at least 25 percent of the underbanked population by 2030.

Indicator	2018	2019	Percent change
SEME clients served through BanKo	40,000	85,000	113%
Cumulative microfinance loans disbursed (in billion Php)	4.3	11.13	178%



Globe continues to innovate digital products for Filipinos.

A total of 76 million Filipinos have access to the internet. A good 72 million of them connect to the net via a mobile device⁷.

This presents a great opportunity for Ayala as it democratizes access to innovative digital products and services. Thus, making healthcare, education, financial services, including mobile payments, insurance, and credit, available to every Filipino.

Ayala's digital transformation work is primarily carried out by its subsidiary, Globe, which actively invests in expanding its nationwide network. Beginning in 2011, Globe's US\$ 700 million seven-year network modernization program drove adoption of pioneering technologies and innovation in products and services, such as digital lifestyle play, content partnership with iconic global brands, and deployment of early-stage 5G network connectivity.

In 2019, Globe increased deployment of cell sites by 139 percent and increased base stations by 69 percent compared to 2018. This contributed to an increase in mobile customers to 94.2 million from 74.1 million in 2018. Globe also maintains two million broadband customers.

The company revolutionizes access to financial services through Mynt, with two platforms—Fuse Lending, a fintech-enabled lending institution, and GCash, a mobile wallet app for financial services.

GCash now has over 20 million customers and over 75,000 participating merchants, a 50 percent increase from 2018. GCash also maintains more than 30,000 cash in and cash out outlets to serve its customers. Mynt has partnered with local government units (LGUs) to offer GCash as an alternative mode of payment (Makati and Quezon City LGUs) and payroll allowance disbursements (Makati, Manila, Boracay, Siargao, and Semirara LGUs).

Operating in a highly competitive and fast-paced industry, Globe continues to evolve and expand its network and services with a clear focus on achieving its target to reach more than 90 percent of the country's 1,101 cities and municipalities.

Indicator	2018	2019	Percent change
Percent of municipalities and cities with mobile broadband	95	96	1%
Mobile customers (in millions)	74.1	94.2	27%
Broadband customers (in millions)	1.6	2	25%
GCash partner merchants	50,000	75,000	50%

⁷ According to Digital 2019, a report from Hootsuite and We are Social at www.datareportal.com.



PRODUCTIVITY & COMPETITIVENESS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Globe Telecom

Target:

To lead the country's digital transformation by significantly increasing access to information and communications technology for consumers and businesses, providing universal and affordable internet access in the Philippines for 90 percent of the population



PRODUCTIVITY & COMPETITIVENESS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



AC Infrastructure

Target:

To upgrade infrastructure to make them sustainable, with increased resource efficiency and greater adoption of clean and environmentally sound technologies and industrial processes with 36,135 tons CO₂ equivalent avoided



AC Infra strives to improve urban mobility, logistics, and mass transport.

Rapid urbanization and lack of infrastructure have led to significant challenges in the transport and logistics sector of the Philippines. These challenges require massive investments and development towards mass transportation and urban mobility.

Good transport and logistics infrastructure facilitate steady and seamless flow of people, goods, and services—all of which are essential for a more productive economy.

AC Infra invests in strategic projects to meet the growing infrastructure needs in areas of mass transportation, logistics, and urban mobility primarily through public-private partnerships.

LRMC, AC Infra's rail service company, increased its fleet for LRT1 and maintained its train punctuality rate despite the longer cycle time (the time it takes for a train to complete a journey from a terminal station and back). LRMC's average daily trips remain to be stable.

AF Payments offers a contactless payment platform called beep™ which can be used for rail, bus, retail, and tollway transactions. The total number of beep™ and single journey rail transactions decreased due to the closure of the Cubao to Santolan segment of LRT2. AF Payments facilitated more transactions for point-to-point (P2P) bus routes, retail, as well as tollway transactions.

AC Infra is steadfast in meeting the infrastructure needs of the country in a more efficient way. The company is also designing a mechanism to account for greenhouse gas emissions avoided in its low-carbon processes and activities.

Indicator	2018	2019	Percent change
LRMC			
Light Rail Vehicles	112	116	4%
Train cycle time in minutes	100.4	100.5	0.1%
Riders served in millions	165	161	-2%
AF Payments			
beep™ card rail transactions in millions	202	186	-8%
Single-journey card transactions in millions	146	128	-12%
Bus fare transactions in millions	9.5	10	5%



PRODUCTIVITY & COMPETITIVENESS

11 SUSTAINABLE CITIES AND COMMUNITIES



Ayala Land

Target:

To enhance inclusive and sustainable urbanization by increasing sevenfold the number of launched affordable housing units



Ayala Land builds reasonably-priced residential units.

The Philippine Statistics Authority reported that construction activity increased by 10.4 percent in the first quarter of 2019 compared to the same period last year. By type of construction, residential buildings accounted for 69.2 percent of the total. However, figures for housing projects for the lower economic groups could do better by considering the country's housing needs, which is projected to reach 6.5 million by 2022.

Affordable housing provides vulnerable populations with economic security and stability. Ayala recognizes its strategic position to create resilient and inclusive communities through its property development arm, Ayala Land.

Ayala Land looks to scale its development of properties and estates across the country while maintaining its approach of integrating sustainability with economic development and social welfare.

Ayala Land contributes to filling the gap for value-for-money residential units by driving building design innovation to bring down the unit cost without compromising quality and sustainability. In 2019, it doubled its affordable units to 5,800 from 2,900 in 2018.

Ayala Land contributes to sustainable urbanization by ensuring all its developments meet the specifications under these four focus areas. This framework serves as a general guide to property development and operations to mitigate sustainability risks and provide value to the business, environment, and society.

- **Site Resilience.** We strengthen our sites to quickly recover from environmental stress by undertaking technical due diligence to screen for geohazards, providing space for refuge and rainwater absorption, and using native plants and trees for landscaping.
- **Pedestrian and Public Transit Connectivity.** We adhere to principles that guide our masterplans to provide alternatives to car use in our estates. We aim to provide more opportunities for walking and commuting by providing pedestrian-only areas and walkways, transit stops and terminals in estates and malls, and ensuring connectivity during construction and operations.
- **Eco-Efficiency.** We use our resources judiciously and commit to reduce our GHG emissions by implementing energy and water conservation programs, waste management programs, and by committing to be carbon neutral by 2022.

- **Local Economic Development.** We build large-scale, integrated mixed-use sustainable estates across the country. We prioritize local hiring and give opportunities for homegrown businesses.

To date, Ayala Land has 29 mixed-use estates and an aggregate size of 9,935 hectares. In these estates, Ayala Land is able to co-create sustainable communities by providing Filipinos with better quality of life while spurring new centers of growth.

Ayala Land has deliberately planned and allocated a total of 418 hectares of green space, hosting close to 70,000 native trees and 57 species of IUCN Red List species. It is also protecting 586 hectares of carbon forest that stores 80,000 tonnes of CO₂e. Ayala Land achieved a 72 percent reduction in commercial properties’ net GHG emissions in 2019. The entire operation of Ayala Land, including its tenants, merchants, and suppliers supports an estimated 492,000 jobs.

Ayala Land continues its work to deliver its commitment of enhancing inclusive and sustainable urbanization, staying on track with its target number of reasonably-priced residential units built by 2030.

Indicator	2018	2019	Percent change
Affordable housing units	2,900	5,800	100%
Mixed-use estates	25	29	16%
Hectares of green space	301	418	39%
Hectares of protected carbon forest	560	586	5%
IUCN Red List species monitored	52	57	10%
Jobs supported	249,620	492,598	97%



AC Energy continues to increase its renewable energy portfolio.

To fuel its rapid economic development, the Southeast Asian region is expected to increase its energy demand by 60 percent in the next 20 years, with coal being the primary power source. The improvements on cost efficiency and policy support towards renewable energy has increased the viability of renewable energy projects in the region.

With the increasing clamor for a low-carbon future, Ayala sees a significant opportunity to lead the region in the development of renewable energy through its energy platform, AC Energy.

Achieving a low carbon portfolio is at the core of AC Energy’s business strategy and serves as one of the pillars of its Environmental and Social Policy, which embodies the company’s commitment to sustainability and social responsibility.

AC Energy is scaling up its renewable energy (RE) portfolio by investing in key markets in the Philippines, Indonesia, Vietnam, Australia, and India. In 2019, the company more than doubled its 2018 attributable RE capacity in its portfolio.

Locally, AC Energy’s acquisition of PHINMA Energy in 2019 expanded its capabilities to build and operate power projects while balancing its renewable and thermal portfolios.

The company also increased its attributable energy output to 3,500 GWh, 50 percent of which came from renewable energy sources.

AC Energy’s rapid growth in renewables in 2019 builds up the company’s momentum towards its target: a renewable energy portfolio of 5 GW by 2025.

Indicator	2018	2019	Percent change
Attributable RE Capacity (MW)	268	656	145%
Attributable RE Output (GWh)	601	1,758	193%



RESPONSIBLE GROWTH & INNOVATION

7 AFFORDABLE AND CLEAN ENERGY



AC Energy

Target:
To increase its renewable energy portfolio to 5 GW in the Philippines and in foreign markets



RESPONSIBLE GROWTH & INNOVATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



AC Industrials

Target:

To enable the first Philippine-manufactured, commercially viable, and market-accepted electric vehicle, resulting in reduced emissions. For AC Automotive to promote low emission vehicles, ensuring that each brand offers a minimum of one model not fully dependent on a combustion engine powertrain. Globally and on the manufacturing side, for IMI to promote inclusive and sustainable industrialization by demonstrating manufacturing value add of USD1 billion across all developing countries where it has operations



AC Industrials maximizes technology innovation through its EMS company, IMI, and its auto dealership network, AC Motors.



The Philippine government has been promoting the use of electric vehicles across the country, including as a form of public transportation. Executive Order 488 reduced the tariff rate for e-vehicle components to zero, encouraging e-vehicle manufacturers to import components.

With the shifting global landscape towards innovative and sustainable mobility-based technologies, Ayala seeks to participate in the manufacturing space through its subsidiary, AC Industrials.

AC Industrials optimizes opportunities offered by new technologies through investments in companies with strong industrial technology capabilities.

Integrated Micro-electronics Inc (IMI), its EMS manufacturing arm, delivers emerging technologies for automotive, smart energy, and connectivity solutions in 22 plants across the globe. Its manufacturing value reached US\$419 million in 2019, a five percent decrease from 2018.

AC Motors, its automotive dealership arm, is exploring possibilities to bring in more eco-efficient automotive models without compromising passenger safety and driver comfort and convenience.

AC Industrials is gradually building its capacity to enable local adoption of electric vehicles leveraging IMI's strong manufacturing capabilities and AC Motors' extensive automotive network.



Ayala ramped up efforts on waste management.

A Report published in 2012 on the Philippine Ecological Footprint claimed that the rate of consumption of resources was more than twice the capacity of its domestic ecosystem to generate. This overconsumption is not sustainable and compromises the ability of future generations to meet their needs.

Ayala recognizes that with the scale of its business and the increasing demand for its products and services, its consumption of renewable and non-renewable resources is quite significant. Every year, Ayala diligently tracks its materials consumption and continually innovates to improve its materials efficiency.

In 2019, our materials intensity slightly improved from 2.66 to 2.64, showing that less materials were used per unit of business output. Our biggest consumption of materials is in Ayala Land's construction activities. To support materials circularity, Ayala Land purchases materials with recycled content. It also designs properties that optimize the use of materials without compromising structural integrity and quality.

As part of its commitment to SDG 12, Ayala is currently conducting a study for a group-wide waste management strategy in line with its target to substantially reduce waste generation through reduction, recycling, and reuse. The goal is to develop practices and design processes that systematically reduce solid waste that reaches local landfills and the oceans.

In 2019, Ayala generated 48,632 tonnes of non-hazardous waste (such as recyclables, residuals, and food and compostables), a decrease of about 11 percent from the previous year, despite growth in our operations. Food waste accounts for 30 percent of our total generation. In 2019, by opting for composting, we diverted 15 thousand kilograms of food waste from landfills. We are currently improving our food waste collection to divert most, if not all into composting and other uses. Non-biodegradables account for 70 percent of our total waste generation. About 35 percent or 11,794 tonnes of that were sent to recycling.

We recognize the difficulty of reducing absolute materials consumption in our context as a developing country. However, we strive to become more efficient in the way we use them. We also do what we can to recover waste for recycling and make procurement choices that drive growth of our circular economy.

More information on the Ayala group's performance on sustainable management and efficient use of natural resources can be found on pages 91-93.



RESPONSIBLE GROWTH & INNOVATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ayala Corporation

Target:

To achieve an ambitious material footprint that demonstrates sustainable management and efficient use of natural resources



RESPONSIBLE GROWTH & INNOVATION

13 CLIMATE ACTION



Ayala Corporation

Target:

To strengthen resilience and adaptive capacity to climate-related hazards to natural disasters across all its sites resulting in minimal casualties



Canopy cover measurement for forest carbon calculation.

Based on UNEP's 2019 Emissions Gap Report, global emissions are on track to reach 56 Gt CO₂e by 2030, more than twice the prescribed levels.

To respond to the growing urgency for climate action, Ayala has refined its approach to tackle climate change across three fronts: mitigation, adaptation, and innovation. This group-wide strategy embodies Ayala's commitment towards addressing climate as a sustainability issue and promoting climate action under SDG 13. It continues to monitor its GHG emissions across the group, and implements mitigating measures through its business units.

At the boardroom, Ayala is studying the financial implications of climate-related risks as part of its risk management process. Ayala will structure its climate action and investments based on results of data analysis showing how different climate scenarios can affect its businesses on physical, regulatory, market, and other levels.

On the ground, Ayala is building climate resilience by managing carbon forests, protecting watersheds in its business areas, and initiating reforestation activities across the Philippines.

Its flagship program, Project Kasibulan demonstrates how business can work with communities to create a sustainable and mutually beneficial forestry project.

Project Kasibulan

The Ayala Sustainability Council embarked on an initiative to conserve the environment through reforestation. Project Kasibulan, which in Filipino stands for growth and nurture, is now on its third year and has expanded its scope and objectives beyond reforestation efforts.

The development of the community-based Mindoro Forest and Biodiversity Program is Project Kasibulan's most significant achievement for 2019. The program completed its carbon forest baseline inventory and economic and sociological assessments of several municipalities. Results from these studies will be instrumental in integrating livelihood with climate adaptation and



The Mindoro Racquet-tail (*Prioniturus mindorensis**) is tagged as vulnerable by the International Union for Conservation of Nature (IUCN).

in promoting green jobs and ecopreneurship among local communities. It is part of Ayala's commitment of nurturing ecosystems and communities to create a sustainable and climate-resilient Mindoro.

Volunteers rising

This project is sustained yearly through the efforts of Ayala citizens in the spirit of volunteerism. Project Kasibulan volunteers have clocked in around 5,000 volunteer hours from Ayala employees whose involvement in the project serves as an impetus for more sustainable lifestyle choices. This year saw cohorts of volunteers taking part in the reforestation efforts of two sites: Ipo Dam in Norzagaray, Bulacan, and North Luzon Renewables in Pagudpud, Ilocos Norte.

- Project Kasibulan at Ipo Dam in Norzagaray, Bulacan
 - 46 volunteers from across the Ayala group helped reforest the Ipo Dam watershed
 - 1,552 volunteer hours
 - 1,000 seedlings planted over two hectares of land across the watershed
- Project Kasibulan at North Luzon Renewables in Pagudpud, Ilocos Norte
 - 61 volunteers from the Ayala Group Internal Auditor's Network helped reforest a section within the 625 hectare forest land occupied by the wind farm
 - 3,406 volunteer hours
 - 1,210 seedlings planted

Addressing climate change and its risks to our businesses will remain an important priority of the group. Ayala leverages its diversified portfolio to drive significant impact in supporting our transition to a resilient and low-carbon economy. Our real estate arm, Ayala Land, champions the work on building low-carbon and resilient communities. Our energy arm, AC Energy, actively supports

the transition to low carbon energy. Our bank, BPI, leans towards financing low carbon and resilient investments. The environmental commitment and initiatives of Ayala is bringing it closer to delivering its targets under SDG 13.

More information on the Ayala group's carbon footprint and performance regarding its various efforts on climate change mitigation, adaptation, and innovation can be found on pages 89-91.

Ayala believes that sustainability is key to bridging critical environmental, social, economic, and governance gaps that have disadvantaged many Filipinos.

In 2012, we crafted a sustainability philosophy, which articulates our thinking around responsible and inclusive growth and its relevance to our Business. We then developed the Ayala 360° Sustainability Reporting Framework to better ground this thinking into our business and clarify how we measure our performance.

When the UN SDGs were formally launched in 2015, we were ready to align our transformed business ambitions to these long-term goals. We then decided to be more strategic and focused in our approach through our Ayala Sustainability Blueprint. The updates provided show where we are in these targets.

We have made notable gains in bridging the Filipino to 2030, but as shown in this year's performance, there is much to be done. We will be more deliberate in monitoring and evaluating our progress, making changes whenever necessary, and allocating resources more appropriately, so that our businesses truly create shared value.

BUSINESS REVIEW

AYALA LAND

“Our commitment to advance the country’s development goals is best demonstrated in our investments across the various business lines. With these investments, we build sustainable communities and create products and services that enable more Filipinos to partake in the benefits of economic growth and social progress.”

- Bernard Vincent O. Dy, President and CEO, Ayala Land Inc.

Ayala Land has been a strong proponent of sustainable tourism especially in El Nido, Palawan, where the Eco-Sanctuary Lagen Island is nestled.

WHO WE ARE

Ayala Land is the largest property developer in the Philippines, with a solid track record of developing large-scale, integrated, mixed-use, sustainable estates that are now thriving economic centers in their respective regions.

Following the success of the Makati Central Business District, Ayala Alabang, Cebu Park District, Bonifacio Global City, and Nuvali, Ayala Land continues to increase its footprint by building estates that reach and benefit more people.

With 12,192 hectares of landbank, 29 estates, and a presence in 57 growth centers across the country, Ayala Land offers a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and other businesses. Construction and property management services are led by its subsidiaries, Makati Development Corporation and Ayala Property Management Corporation, respectively.

It pioneers standards and practices in all its developments that reflect the value the company places on sustainability. As a responsible corporate citizen, Ayala Land acts with integrity, foresight, and prudence.

Focused on its vision of “enhancing land and enriching lives for more people,” it empowers its employees to deliver quality products and services and build long-term value for our shareholders.

MARKET OUTLOOK

The Philippine economy and the macroeconomic environment provide the support for Ayala Land’s business lines to grow. A steady GDP, contributions from BPO revenues, overseas Filipino remittances, and tourism receipts drive economic activity and the development of the Philippine property sector. The Board and Management of Ayala Land also recognizes the opportunities stemming from a growing middle class, with 60 percent of the population seen to belong to the 15 to 65 year-old working segment by 2040. Furthermore, rising per capita income coupled with the availability of long-term fixed rate mortgages will continue to make residential products affordable for more Filipinos.

The continued buildup of infrastructure projects will also foster connectivity and spur urbanization across the country.

Looking ahead to 2020, the organization is taking on a more cautious stance to growth. Ayala Land’s growth plans have always been anchored on the performance of the Philippine economy and its macroeconomic drivers. However, during risk events, the Board and Management adjust these strategies accordingly to adapt to market conditions while prioritizing help to communities, service to customers, protection of the workforce, and the survival of the company. These adjustments allow the company to capitalize on growth opportunities when the environment becomes more favorable, protecting long-term value for shareholders in the process.

BUSINESS REVIEW ESTATE DEVELOPMENT

Ayala Land launched three new estates in 2019, enhancing its presence further in Metro Manila, Southern Luzon, and Central Luzon. These new developments will build on the established and emerging estates across the country, hastening local economic growth for more Filipinos.

With the launch of the new estates, the number of large-scale, integrated, mixed-use developments have reached a total of 29. This is composed of five established estates, and 24 emerging estates—seven in Metro Manila, three in Central Luzon, three in Calabarzon, six in Visayas, three in Mindanao, and two tourism estates.

Launched in October 2019, ALVEO-branded Broadfield is a 120-hectare mixed-use development in South Luzon’s thriving residential, leisure, industrial, and manufacturing center. Eighty hectares of Broadfield is dedicated to mixed-use and commercial spaces, while 40 hectares is allotted to residential communities, Venido and Aveia.

The Junction Place is an 11-hectare pocket urban development located in Novaliches, Quezon City launched in October 2019. It is envisioned as a sustainable area for commerce, recreation, and leisure in one of the city’s busiest areas. The estate



The Alviera Country Club is designed as a modern oasis in Porac, Pampanga, featuring a sprawling landscape families can relax and bond in.

will be anchored by an Amaia development which will cater to the emerging economic segment. Cresendo was launched in November 2019. It will be Ayala Land's first estate in the province of Tarlac and will feature a 30-hectare downtown area to complement the current commercial center. It will host a 32-hectare industrial park, a school by Don Bosco Technical Institute, and an Avida community.

PROPERTY DEVELOPMENT

The property development business generated ₱117.6 billion in revenues from the sale of lots and units under the five residential brands, supported by sales of office units and commercial and industrial lot sales. It also includes revenues from MCT Bhd, Ayala Land's consolidated subsidiary based in Malaysia. Property development comprised 69 percent of Ayala Land's real estate revenues in 2019. Sales reservations grew by 3 percent to ₱145.9 billion in 2019. ALVEO and Avida fueled the growth, even as AyalaLand Premier made fewer launches during the period. Ayala Land launched ₱158.9 billion worth of property development projects in 2019, surpassing its initial estimate of ₱130 billion.

Residential

Revenues from the sale of residential lots and units and MCT Bhd's operations declined by 8 percent to ₱93.2 billion. The decrease was due to the lower contribution of AyalaLand Premier and ALVEO as

most of their vertical projects recognized in 2019 were booked in previous periods and are now nearing completion.

Office for Sale

ALVEO led the growth in revenues from the sale of office units in 2019. It rose 13 percent to ₱13.1 billion from its projects such as ALVEO High Street South Corporate Plaza 2, ALVEO Park Triangle, One Vertis Plaza and Park Triangle Corporate Plaza. Capitalizing on its strong brand, ALVEO launched the Cerca Enterprise Plaza in Alabang composed of 343 units valued at ₱8.3 billion.

Commercial and Industrial Lots for Sale

Sales of commercial lots in key estates such as Altaraza, Vermosa, NUVALI, and Broadfield propelled revenues by 46 percent to ₱11.3 billion. The launch of the Broadfield estate by ALVEO in 2019 will provide the pipeline for growth in commercial lot sales, building on current offerings in existing estates such as Altaraza, Arca South, Vermosa and NUVALI. Broadfield has 80 hectares for commercial use. The first phase covers 36.6 hectares, including the first tranche of 35 commercial lots which was offered to the public in October 2019.

COMMERCIAL LEASING

The commercial leasing business, which consists of

shopping centers, office buildings, and hotels and resorts, posted ₱39.3 billion in revenues as new leasing assets increase in contribution. Commercial leasing generated 25 percent of real estate revenues. The leasing portfolio continued to expand with malls and offices totaling 2.1 million and 1.2 million sq. meters of GLA, respectively, and hotels and resorts with 3,705 rooms.

Shopping Centers

The shopping centers segment, represented by Ayala Malls, posted revenues of ₱22.0 billion, 11 percent higher than previous year, on the growth from newly opened malls such as Ayala Malls Feliz, Ayala Malls Capitol Central, and Ayala Malls Circuit Makati. Same-mall revenue growth registered at 8 percent. Ayala Malls opened a record 213,000 sq. meters of GLA with the launch of Ayala Malls Manila Bay (161,000 sq. meters), Ayala Malls Central Bloc in Cebu (44,000 sq. meters), and Ayala North Exchange Retail (8,000 sq. meters). As of end-2019, total GLA of the malls business was 2.12 million sq. meters.

Offices

Office leasing under Ayala Land Offices posted revenues of ₱9.7 billion, 12 percent higher than the previous year's ₱8.6 billion owing to newly opened offices: Ayala North Exchange, Capitol Central, and Circuit Makati.



At the heart of Quezon City is Ayala's Vertis North Estate which houses a mix of residential units, a hotel, a mall and office spaces.

The completion of phase two of the Ayala North Exchange BPO Tower, Central Bloc Corporate Center 1 in Cebu, and the Bay Area Corporate Center in Paranaque added 70,000 sq. meters of GLA, bringing the total office portfolio to 1.17 million sq. meters by end-2019. During the year, Ayala Land also signed over 157,000 sq. meters of new office transactions, locking in new leases for the next five years.

Hotels and Resorts

Revenues from hotels and resorts grew 19 percent to ₱7.6 billion on strong patronage of Seda Ayala Center Cebu and Seda Lio. A total of 774 hotel and resort rooms were opened to the public with the completion of new properties, led by Seda Residences Makati, Ayala Land's first Seda-branded serviced apartment, the expansion of Seda BGC, the opening of Huni Lio in Palawan, and additional rooms at Seda Lio and Circuit Corporate Residences. This brings the total number of rooms to 3,705, enabling the business to take advantage of the growing local and foreign tourists and travelers.

Emerging Leasing Formats

Co-living Space

The Flats Amorsolo and The Flats BGC offer affordable co-living options for people working in the two major business districts in the metro, Makati CBD and BGC, offering a total of 2,044 beds. In their first year of operations, The Flats Amorsolo and The Flats BGC posted occupancy rates of 96 percent and 72 percent, respectively.

Co-working Space

Clock In, which offers flexible, co-working and serviced office facilities for start-up, small, and mid-sized enterprises, expanded its presence to eight locations with 1,404 seats. It opened five new facilities in Quezon City, Pasig, Makati, Alabang, Muntinlupa, and Lio in Palawan.

SFBs and Warehouses

The standard factory buildings and warehouses for lease are operated and managed by Ayala Land's listed subsidiary, Ayalaland Logistics Holdings Corporation. Its portfolio increased by 28 percent in 2019 to 175,000 sq. meters with the expansion of Laguna Technopark and Alviera Industrial Park, catering to various industries.

MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)
The Philippine economy and the macroeconomic environment provide the support for Ayala Land's business lines to grow steadily. A steady GDP, contributions from BPO revenues, overseas Filipino remittances, and tourism receipts drive economic activity and the development of the Philippine property sector. The Board and Management of Ayala Land also recognizes the opportunities stemming from a growing middle class, with 60 percent of the population seen to belong to the 15- to 65-year-old working segment by year 2040. Furthermore, rising per capita income coupled with the availability of long-term fixed rate mortgages will continue to make residential products affordable for more Filipinos. The continued buildup of infrastructure projects will also foster connectivity and spur urbanization across the country. Looking ahead to 2020, the organization is taking on a more cautious stance to growth. Ayala Land's growth plans have always been anchored on the performance of the Philippine economy and its macroeconomic drivers. However, during risk events, the Board and Management adjust these strategies accordingly to adapt to market conditions while prioritizing help to communities, service to customers, protection of the workforce, and the survival of the company. These adjustments allow the company to capitalize on growth opportunities when the environment becomes more favorable, in the process protecting long-term value for shareholders.	Natural Its land bank is strategically located in key growth centers for immediate and long-term development. Intellectual Ayala Land's unique master-planning process integrates product lines to create sustainable and vibrant communities and fosters urban development. Manufactured It has a wide range of products that caters to all markets and segments of the property sector. Social It ensures the quality of its products and services and upholds strict sustainability and corporate governance practices for its customers and stakeholders. Human A decentralized structure empowers its people, and provides the flexibility to execute its strategy in a fast and efficient manner. Financial Ayala Land has a strong balance sheet to support its growth plans and a prudent fiscal policy to maintain the strength of its financial position.	Increase recurring income contribution to achieve a more balanced portfolio Expand the GLA of shopping centers and offices and increase hotel and resort rooms. Launch an optimal mix of horizontal and vertical projects for sale Balance amount of launches depending on market demand and price products competitively to ensure product margins	Estate Development Ayala Land develops estates that host its property development and commercial leasing products. Property Development It offers and builds residential, office for sale, and commercial and industrial lots that address various market segments represented through five brands: AyalaLand Premier, Alveo, Avida, Amaia and Bellavita. Commercial Leasing It develops and operates malls, offices, and hotels and resorts across the Philippines represented by Ayala Malls, Ayala Land Offices, branded hotel formats, Seda hotels, and El Nido, Lio, and Sicogon resorts. Construction and Property Management Ayala Land develops its projects through its own construction company, Makati Development Corporation, and manages completed properties through its own property management company, Ayala Property Management Corporation, to ensure quality throughout the entire project life. Strategic Investments Ayala Land holds investments in selected companies that complement its core business namely: AyalaLand Logistics Holdings, Corp., Cebu Holdings, Inc., Ortigas Land Corp., MCT Bhd., and other ventures in healthcare and retail.

2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Deliver on target pipeline by completing GLA under construction. Launch products attuned to market demand, and aspire to continually achieve a healthy mix between horizontal and vertical developments while maintaining margins within acceptable thresholds	Increase recurring income contribution to achieve a more balanced portfolio Malls – Opened 2 new malls and 1 retail amenity and added 213,000 sqm of GLA for a total of 2.12 million sqm Offices – Opened 3 new offices and added 70,000 sqm of GLA for a total of 1.17 million sqm Hotels and resorts – Opened 774 new rooms for a total of 3,705 rooms Launch an optimal mix of horizontal and vertical projects for sale Launched 48 property development projects in 2019 amounting to ₱158.9 billion worth of product	Increase recurring income contribution to achieve a more balanced portfolio Deliver on target pipeline by completing GLA under construction Launch an optimal mix of horizontal and vertical projects for sale Launch products attuned to market demand and aspire to continually achieve a healthy mix between horizontal and vertical developments while maintaining margins within acceptable thresholds	Environment Ayala Land upholds Philippine biodiversity and ecosystems within and adjacent to its land bank. • 12,192 hectares of land bank • 586 hectares of carbon forests • 57 IUCN red-list species protected Communities It provides spaces that are site resilient, pedestrian-friendly, public transport-connected, and eco-efficient, uplifting standards of Filipinos. • 418 hectares of permeable green space • 3 estates added in 2019 • 29 total estates • 25 P2P routes in Ayala Land developments Property Buyers, Residents, Shoppers, Mall locators, Office Tenants, Tourists and General Public It provides homes and venues for business and leisure that support the community and spur economic growth. • 16,551 completed and turned-over residential units • 2 malls and 1 retail amenity opened in 2019 adding 213,000 sqm of GLA • 3 offices opened adding 70,000 sqm GLA • 774 hotel and resort keys added Employees, Construction Workers, Suppliers, Service Providers, and Consultants The company contributes to local employment, skills development, and career growth. • 90 percent OCS score in 2019 • 6,180 total work force • 44,384 support staff • 204,755 training hours Investors, Analysts, Creditors It provides consistent growth in shareholder returns, ensures long-term value for investors, and fulfills credit obligations. • ₱33.2B net income, up 13 percent • 16.7 percent ROE • 0.78 net D/E ratio • 5.2 percent average cost of debt

BANK OF THE PHILIPPINE ISLANDS

"The financial and operating results of 2019 are heartening, in that they tell us that the many initiatives that we have undertaken in the past few years are beginning to bear fruit. While there is much more to be done, we are well positioned for the future."

- Cezar P. Consing, President and CEO, Bank of the Philippine Islands



Through a variety of attractive offerings and an accessible branch network, BPI aims to augment its business by bolstering its lending services towards retail clients.

WHO WE ARE

The 168-year-old Bank of the Philippine Islands is the first bank in the Philippines and Southeast Asia, and is licensed by the Bangko Sentral ng Pilipinas to provide universal banking services to its 8.7 million customers. The Bank provides trusted advice and financial services tailored to the needs of its diverse client base of retail and corporate clients, including self-employed micro-entrepreneurs, overseas Filipinos and their beneficiaries, small and medium enterprises, domestic conglomerates, and multinational corporations.

A premier institution in the banking industry, BPI is among the highest in terms of total assets, equity capital, and market capitalization. It has a significant share of total banking system deposits, loans, and investment assets under management. It is recognized as one of the country's top providers of foreign exchange, cross-border remittances, life and non-life bancassurance services, as well as asset finance and leasing. BPI also has a significant capital markets presence, particularly in fixed income and equities underwriting, distribution and brokerage.

BPI serves its clients through one of the most extensive physical and digital distribution networks, composed of 1,167 branches and branch-lite units, three international offices, and 2,822 ATMs and Cash Accept Machines (CAMs) nationwide. The Bank is a leader and innovator in the use of digital channels, and is a major provider of financial services for retail clients through internet banking (via BPI Online at www.bpi.com.ph) and mobile banking (via BPI Mobile app), and for corporate clients via Bizlink.

MARKET OUTLOOK

The Philippine economy expanded 5.9 percent in 2019, below the 6 to 7 percent target of the government. Despite the strength of household consumption, delays in the implementation of infrastructure projects and the decline in investment spending dragged growth below the 6 percent level. For 2020, the COVID-19 outbreak has become the greatest challenge for the global and domestic economies. It is clear that the outbreak will have a negative impact on the economy. However, quantifying the potential impact of COVID-19 on the Philippine economy is difficult given the uniqueness of the event.

Household consumption recovered in 2019 as inflation slowed down. Stable oil prices and sufficient rice supply pulled down average inflation from 5.2 percent in 2018 to 2.5 percent in 2019. Household consumption will likely continue to be the main driver of growth in the medium term with support from OF remittances and record-low unemployment. However, the enhanced community quarantine in various parts of the economy has crippled household consumption to an extent not seen since the early 1980s.

Capital formation contracted in 2019 for the first time in seven years as demand for machinery and equipment declined. Corporates may have postponed or scaled down the purchase of durable equipment given elevated global growth uncertainties and expectations of lower interest rates in the coming months. Meanwhile, public construction posted a 2.4 percent contraction as a result of government underspending. The budget impasse and election spending ban in the first half of the year prevented the government from spending on new infrastructure projects. Looking ahead, capital expenditures may fall as business will most likely prioritize their liquidity to sustain themselves and their employees amid the measures to prevent the spread of COVID-19.

Looking at sectoral growth in 2019, services, retail trade, and financial intermediation recorded all recorded strong years. Meanwhile, the industry sector slowed down amid weakness in manufacturing and construction and global trade uncertainties weighed down manufacturing growth. In 2020, the COVID-19 outbreak may hurt several industries given the restrictions on movement and economic activity. In particular, the following industries may see a decline in economic output and revenues: tourism, airlines, real estate, transport, and manufacturing.

Low inflation in 2019 gave the BSP the opportunity to do monetary easing. Given the liquidity and growth challenges being faced by the economy, the Monetary Board reduced the policy rate by 75



BPI is ready to meet the fast-evolving needs of its clients, arming its flagship branch with a modern and innovative design, complemented by the latest technology in banking.

basis points from 4.75 percent to 4.00 percent and brought down the reserve requirement ratio (RRR) by 400 basis points from 18 percent to 14 percent. Benchmark interest rates declined as liquidity improved gradually.

The BSP has reduced the policy rate by another 75 bps so far and may resume its monetary easing in 2020 given the economic damage that COVID-19 could bring. The enhanced community quarantine may squeeze liquidity amid the lack of spending and the need for savings in this time of crisis. As a result, the central bank may inject liquidity into the financial system through its monetary policy tools such as open market operations and further reduction in the reserve requirement on deposits.

Meanwhile, global risk aversion due to COVID-19 may fuel the demand for safe haven like the US Dollar. Emerging market currencies like the Philippine Peso may weaken as investors shift their funds to assets that could protect them from the impact of COVID-19. However, the possible decline in imports and remittances due to supply disruptions

may temper the depreciation pressure from risk aversion.

BUSINESS REVIEW

In 2019, BPI realized net profits of ₱28.80 billion, an increase of 24.8 percent or ₱5.73 billion from the ₱23.08 billion recorded in 2018. The 20.1 percent increase in total revenues to ₱94.33 billion drove profit growth, but was partially offset by higher operating costs, loss provisioning, and taxes which grew ₱6.47 billion, ₱899 million, and ₱2.68 billion, respectively. The Bank's comprehensive income was ₱28.77 billion, up 31.5 percent on higher net income and improved marked to market valuation of fair value through other comprehensive income of the parent, insurance companies and associates.

The Bank's continued focus on growing its high margin businesses while maintaining its corporate franchise resulted in strong revenue results for the year. Total Revenues stood at ₱94.33 billion, an improvement of 20.1 percent boosted by the Bank's core businesses.



BPI is committed to enhancing its overall customer service, providing relevant banking solutions and trusted financial advice.

Net interest income grew by 18.1 percent to ₱65.94 billion from 2018's ₱55.84 billion attributed to a 24-basis point expansion in net interest margin to 3.35 percent in 2019.

Non-interest income was ₱28.39 billion, an increase of 25.2 percent versus 2018, primarily from higher securities trading gains and fee-based income, higher fees from credit cards, transaction banking, branch services, and digital channels, but was slightly tempered by lower income from investment banking.

Cost-to-income ratio was 53.1 percent, lower than the 55.5 percent recorded in the prior year given the strong revenue performance. Operating expenses totaled ₱50.08 billion, higher by 14.8 percent from the previous year.

Total assets stood at ₱2.20 trillion, higher by 5.7 percent year-on-year, as total funding increased 5.3 percent to ₱1.85 trillion.

Total loans as of December 31, 2019 reached ₱1.48 trillion, up 8.9 percent from the previous year, on the back of growth in the consumer, corporate, SME, and microfinance loan segments of 13.4 percent, 7.9 percent, 5.8 percent, and 100.3 percent, respectively. This brought loan-to-deposit ratio at 87.0 percent. In terms of asset quality, the Bank registered NPL ratio of 1.66 percent and an NPL reserve cover of 102.1 percent, an improvement of 19 and 13.8 percentage points, respectively.

Total deposits grew 6.9 percent to ₱1.70 trillion versus the level recorded in 2018.

The Bank was active in the debt capital markets with a number of capital raising activities in 2019: (1) Green bond issuances of CHF 100 million two-year interest free ASEAN Green Bond and the US\$300 million Senior Unsecured Fixed-Rate ASEAN Green Bond; (2) Over ₱3 billion of Long-Term Negotiable Certificates of Time Deposit (LTNCTDs); (3) Maiden bond issuance amounting to ₱9.51 billion of wholly-owned thrift bank and consumer lending arm, BPI Family Savings Bank.

MARKET OUTLOOK	CAPITALS	STRATEGY
The Philippine economy expanded 5.9 percent in 2019, below the 6 to 7 percent target of the government. Despite the strength of household consumption, delays in the implementation of infrastructure projects and the decline in investment spending dragged growth below the 6 percent level. For 2020, the COVID-19 outbreak has become the greatest challenge for the global and domestic economies. It is clear that the outbreak will have a negative impact on the economy. However, quantifying the potential impact of COVID-19 on the Philippine economy is difficult given the uniqueness of the event.	Financial We maintain a strong balance sheet, and we continue to grow and optimize our deposit franchise and loan book.	Achieve asset growth in high-margin businesses Continued focus on SME, consumer, and microfinance lending
Household consumption recovered in 2019 as inflation slowed down. Stable oil prices and sufficient rice supply pulled down average inflation from 5.2 percent in 2018 to 2.5 percent in 2019. Household consumption will likely continue to be the main driver of growth in the medium term with support from OF remittances and record-low unemployment. However, the enhanced community quarantine in various parts of the economy has crippled household consumption to an extent not seen since the early 1980s.	Manufactured and Intellectual We have a reliable, secure, and expanding network of delivery infrastructure, in both traditional and digital platforms.	Grow current and savings accounts Grow deposits and improve CASA ratio Moderate branch expansion Strategically expand branch network
Capital formation contracted in 2019 for the first time in seven years as demand for machinery and equipment declined. Corporates may have postponed or scaled down the purchase of durable equipment given elevated global growth uncertainties and expectations of lower interest rates in the coming months. Meanwhile, public construction posted a 2.4 percent contraction as a result of government underspending. The budget impasse and election spending ban in the first half of the year prevented the government from spending on new infrastructure projects. Looking ahead, capital expenditures may fall as business will most likely prioritize their liquidity to sustain themselves and their employees amid the measures to prevent the spread of COVID-19.	Human We are driven by energized, enabled, and engaged employees with diverse talents.	Increase digital platform active users Increase active users of online banking platforms for retail and business clients
Looking at sectoral growth in 2019, services, retail trade, and financial intermediation recorded all recorded strong years. Meanwhile, the industry sector slowed down amid weakness in manufacturing and construction and global trade uncertainties weighed down manufacturing growth. In 2020, the COVID-19 outbreak may hurt several industries given the restrictions on movement and economic activity. In particular, the following industries may see a decline in economic output and revenues: tourism, airlines, real estate, transport, and manufacturing.	Social and Relationship We are the beacon of stability and credibility upon which trust is built and sustained among our clients and global banking partners.	
Low inflation in 2019 gave the BSP the opportunity to do monetary easing. Given the liquidity and growth challenges being faced by the economy, the Monetary Board reduced the policy rate by 75 basis points from 4.75 percent to 4.00 percent and brought down the reserve requirement ratio by 400 basis points from 18 percent to 14 percent. Benchmark interest rates declined as liquidity improved gradually.	Natural Our environmental management systems ensure that we use resources efficiently to minimize our impact on the environment.	
The BSP has reduced the policy rate by another 75 bps so far and may resume its monetary easing in 2020 given the economic damage that COVID-19 could bring. The enhanced community quarantine may squeeze liquidity amid the lack of spending and the need for savings in this time of crisis. As a result, the central bank may inject liquidity into the financial system through its monetary policy tools such as open market operations and further reduction in the reserve requirement on deposits.		
Meanwhile, global risk aversion due to COVID-19 may fuel the demand for safe haven like the US Dollar. Emerging market currencies like the Philippine Peso may weaken as investors shift their funds to assets that could protect them from the impact of COVID-19. However, the possible decline in imports and remittances due to supply disruptions may temper the depreciation pressure from risk aversion		

HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Capital Raising, Advisory and Financing We provide financial advisory, working capital loans, capital expenditure loans, acquisition financing, supply chain and trade financing, project finance, small business loans, and microfinance.	Increase loans by: 20 percent or more for SME loans; 15-19 percent for Consumer loans; 50 percent for Microfinance loans Grow deposits by 10 percent; CASA ratio by 70 percent or more Build 10-15 new BPI branches; 100 new BanKo branches	Achieve asset growth in high-margin businesses SME Loans: ₱66.5 billion Consumer Loans: ₱287.9 billion Microfinance Loans: ₱4.3 billion Cumulative loans disbursed: ₱11.13 billion	Achieve asset growth in high-margin businesses Post-Covid, growth in SME, Consumer and Microfinance Loans to continue, balancing this with asset quality Grow Current and Savings Accounts Deposit growth to be dictated by market conditions, but will keep abreast with industry pace Moderate branch expansion New bank branches: 5-10, under review post-Covid; New BanKo branches: 16-20 Increase digital platform active users Online/Mobile Banking: 19 percent growth Bizlink: 5 percent growth	Employees We invest in our employees, provide them a workplace that fosters learning and development, career advancement, and sustainable engagement Clients and communities We foster financial inclusion and wellness, scale-up enterprises, and spur investments that directly impact our clients and the communities we serve. - Financial Inclusion and Wellness - We widen our reach to underserved segments and help our clients grow and protect their assets through customized products and services. - Scaling-up enterprises - We support enterprises through financing and capital raising across business segments to help them scale up their operations. - Sustainable Development - Financing - We finance projects that support sustainable development, such as those involving sustainable energy, food and agriculture, sustainable communities, education, and infrastructure development.
Growing Assets We grow our assets through our Treasury portfolio management and participation in Philippine capital markets. We also grow our clients’ assets through deposits and investments in fixed income securities, equity securities, unit investment trust funds, and mutual funds.		Grow Current and Savings Accounts Deposits growth rate: 6.9 percent CASA ratio: 69.1 percent Moderate branch expansion New bank branches: 11 New BanKo branches: 100 Increase digital platform active users Online Mobile Banking: 1.9 million Bizlink: 24,758 corporate clients		Government and Regulators We support the government via capital raising through government securities distribution, payment of taxes, facilitating remittances, and complying to regulations.
Insuring Life and Assets We help protect the value of our clients’ assets through our life and non-life products.				
Other Financial Services We provide our clients an efficient means to make financial transactions through our card payments, remittance services, and cash management facilities.				Shareholders We optimize our financial performance and value creation, ensuring delivery of superior shareholder returns in a manner that is transparent and equitable.

GLOBE TELECOM

"In 2019, Globe delivered meaningful progress amid industry and economic headwinds. We begin 2020 with good momentum, as we expand our industry leadership and remain focused on providing best-in-class service for our customers. Globe will remain guided by its values, do business responsibly, and deliver first-world internet connectivity in the Philippines."

- Ernest L. Cu, President and CEO, Globe

Millions of Filipinos are now able to use GCash to conveniently make their offline and online purchases with Globe's long list of partner merchants.

WHO WE ARE

Globe Telecom, Inc. is a leading full-service telecommunications company in the Philippines catering to the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet and managed services. It has major interests in financial technology, digital marketing solutions, venture capital funding for startups, and virtual healthcare.

Supported by over 8,000 employees and over 1.2 million retailers, distributors, and business partners nationwide, the company currently has 94.2 million mobile subscribers, both prepaid and postpaid, and more than 2 million home broadband customers. Globe keeps Filipinos connected wherever they may be in the world, through its tie-up with 776 roaming partners in 237 calling destinations worldwide.

Its principals are Ayala Corporation and Singapore Telecom, both acknowledged industry leaders in the country and in the region.

In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability principles.

MARKET OUTLOOK

The Philippine telecommunications industry has seen a shift in recent years, with the advent of data and the internet of things changing the way consumers behave and telcos do business. Consumers are increasingly favoring data for their communication needs, causing a decline in traditional voice and SMS services. Telecommunication companies have had to reposition themselves to remain relevant in the age of digitization.

For a highly penetrated mobile market such as the Philippines, the prevalence of affordable data plans and smart devices is further driving the demand for data. Visiting social media and streaming video sites, and playing games are the top activities for Filipinos online. Other than entertainment, data also allows more Filipinos to avail of transport network vehicle services, food delivery services, navigation services, and more using their smartphones.

The fixed line industry is also seeing an increasing demand for data. At home, smart televisions and gaming consoles are enabling the consumption of

bandwidth-intensive multimedia content. Beyond connectivity, corporate and enterprise clients are looking to service providers, including telco partners, to offer solutions to help businesses grow, generate more revenue, and safeguard vital business information and corporate assets.

On competition, the industry will potentially experience changing market dynamics with the entry of the third player, which is slated to launch commercial operations by March 2021.

Lastly, on the regulatory front, the government continues to review existing laws and policies, aligning them with international norms. In recent years, this has led to lower interconnection rates, and new rules governing prepaid load expiry and mobile number portability. On MNP, the incumbents, along with the new player, have since formed a joint venture and enlisted US-based Syniverse as its after mobile number portability (MNP) service provider. Full implementation of MNP is set for 2021.

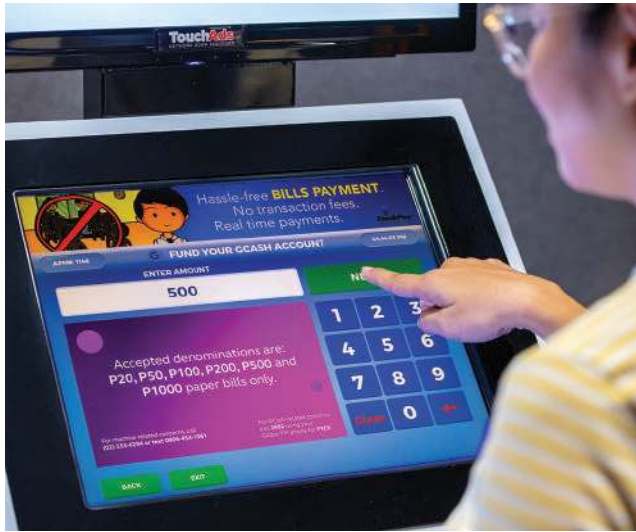
BUSINESS REVIEW

For 2019, Globe's consolidated service revenues reached ₱149.0 billion, 12 percent higher from a year ago. This growth was fueled by the gains from data services across mobile, broadband and corporate data.

For the mobile business, revenues posted ₱111.8 billion, up 12 percent from a year ago. As the mobile segment dominated the Philippine market, mobile revenues remained the largest revenue contributor, accounting for 75 percent of the total service revenues led by Globe's prepaid brands. Total mobile subscriber base is now at 94.2 million, up 27 percent from 2018.

From a product perspective, mobile data revenues generated ₱71.8 billion in 2019, 41 percent higher year-on-year, mainly driven by the surging demand for video streaming, gaming apps and social media, further boosted by the compelling promotions for data-centric plans. Mobile data now accounts for 64 percent of mobile revenues from 51 percent a year ago. Mobile data traffic likewise leapt from 956 petabytes in 2018 to 1,699 petabytes in 2019, a 78 percent growth year-on-year.

For the home broadband business, revenues reached ₱21.7 billion this period, up 17 percent from a year ago, driven by a rising level of fixed wireless



Globe’s GCash has become the leading virtual wallet in the Philippines, offering users unparalleled accessibility and convenience through its variety of payment and banking services.

broadband users, which grew 40 percent to almost 1.4 million in 2019. Total home broadband subscriber base now stands at over 2 million, up 25 percent from a year ago. The rising popularity of Home Prepaid Wi-Fi and compelling broadband plans fueled @Home broadband’s success. The launch of the commercial pilot for At Home Air Fiber 5G services further expanded Globe’s product suite, offering new connectivity options to deliver high-speed broadband access to its broadband customers.

Corporate data revenues reached ₱12.8 billion as of end-December of 2019, up 9 percent from 2018. This was propelled by the higher circuit count coupled with the increase in usage for both internet and domestic services. Revenue levels were also supported by the enterprise clients’ increasing demand for products and solutions to support their digital transformation initiatives.

Supporting these revenue streams, Globe’s total operating expenses including subsidy posted close to ₱73 billion for the period, or an 8 percent increase from a year ago. This led to consolidated EBITDA of ₱76 billion, up 17 percent from 2018.

As a result of the top line growth, which fully covered the increases in operating costs, depreciation charges and non-operating expenses, net income for the period expanded 20 percent to ₱22.3 billion. Core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-



GCash offers its users multiple ways to cash-in, including via a touch-in machine where physical bills may be deposited.

to-market charges, stood at P22.5 billion, 20 percent higher year-on-year.

Globe spent a record level of capital expenditures of ₱51 billion in 2019, 18 percent higher than a year ago. This represents 34 percent of gross service revenues and 67 percent of full year EBITDA. Bulk of the all-time high spend went to data-related requirements as Globe continued to invest in the Philippines towards enabling Filipino families and businesses. This record spend allowed the company to make significant gains and fast-track its network rollout during the year. As of December 2019, Globe put up 139 percent more sites and 28 percent more 3G and 4G base stations compared to its year-ago level.

On the mobile money front, GCash continued to promote financial inclusion and expand the mobile money ecosystem, ending the year with 75,000 QR merchants, 30,000 cash-in points and 400 partner billers who accept GCash payments. On top of the ecosystem expansion, GCash also introduced several innovations in 2019 to further drive engagement, and bring more financial services to the underserved and unbanked markets. One such innovation is GSave, a digital savings account that can be opened straight from the GCash app. Not only does GSave allow first time depositors to participate in the formal banking segment, it also provides a very competitive offer with interest rate of up to four percent interest per annum, with no minimum initial deposit or maintaining balance requirement.

MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)
The Philippine telecommunications industry has seen a shift in recent years, with the advent of data and the internet of things changing the way consumers behave and telcos do business. Consumers are increasingly favoring data for their communication needs, causing a decline in traditional voice and SMS services. Telecommunication companies have had to reposition themselves to remain relevant in the age of digitization. For a highly penetrated mobile market such as the Philippines, the prevalence of affordable data plans and smart devices is further driving the demand for data. Visiting social media and streaming video sites, and playing games are the top activities for Filipinos online. Other than entertainment, data also allows more Filipinos to avail of transport network vehicle services, food delivery services, navigation services, and more using their smartphones. The fixed line industry is also seeing an increasing demand for data. At home, smart televisions and gaming consoles are enabling the consumption of bandwidth-intensive multimedia content such as high definition videos and network gaming. More customers are now taking advantage of free multi-media content and paid video streaming services which are encroaching on cable TV service. Beyond connectivity, corporate and enterprise clients are looking to service providers, including telco partners, to provide solutions to help businesses grow, generate more revenue, and safeguard vital business information and corporate assets. On competition, the industry will potentially experience changing market dynamics with the entry of the third player, which is slated to launch commercial operations by March 2021. Lastly, on the regulatory front, the government continues to review existing laws and policies, aligning them with international norms. In recent years, this has led to lower interconnection rates, and new rules governing prepaid load expiry and mobile number portability (MNP). On MNP, the incumbents, along with the new player, have since formed a joint venture and enlisted US-based Syniverse as its after mobile number portability (MNP) service provider (MNPSP). Full implementation of MNP is set for 2021.	Financial driven by continued mobile data revenue growth, strong consolidated service revenues and earnings; continued investment in network expansion to monetize rising data traffic Manufactured fast-tracking telco infrastructure build and diversifying systems to enable customers’ multiple touchpoints and superior experience Intellectual engaging with local and global partners to provide best-in-class network service, it enablement and content offers Human developing a people-centered organization Social and relationship putting customer-centricity and nation-building at the core of business decisions	Accelerate network rollout Long-term commitment to provide best-in-class internet connectivity Increase household penetration/habituate and monetize To be the leader of the Filipino digital lifestyle by providing world-class technologies for entertainment, education, engagement and rewards designed to address customers’ needs. Develop new ICT capabilities/new and profitable revenue streams To empower the local economy in its digital transformation by helping businesses flourish through the right technology, infrastructure, solutions and know-how. Maintain an agile workforce To create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation.	Build the network of choice To be an admired nation by providing leading-edge network technology and mobile coverage to about 95 percent of cities and municipalities in the Philippines by end of 2018. Focus on the customer To be the leader of the Filipino digital lifestyle by providing world-class technologies for entertainment, education, engagement and rewards designed to address customers’ needs. Digitally transform businesses To empower the local economy in its digital transformation by helping business flourish through the right technology, infrastructure, solutions and know-how. Put people first To create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration, and innovation.

2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Bring internet services to more Filipino households through wireless home broadband and constantly improve overall network experience • Launch of 5G offer for the home • Continue to forge partnerships and create innovative content-driven experiences for customers • Constantly improve how we communicate to our customers through digital sales and care channels To empower the local economy in its digital transformation by helping business flourish through the right technology, infrastructure, solutions and know-how To create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration, and innovation	Accelerate network rollout • Capex of ₱51.0 billion or US\$989 million • As of end december 2019, Globe put up 139 percent more sites versus 2018 • Added more 3g and 4g base stations, putting up 28 percent more than last year • 1,699 Petabytes in mobile data traffic vs 956 Petabytes in 2018 Increase household penetration/Habituate and monetize • Over 2.0 million home broadband customers as of end of 2019 • 94.2 million mobile subscribers as of end of 2019 • Launch of the commercial pilot for at home air fiber 5g services in 2019, offering new connectivity options to deliver high-speed broadband access • 38.4 Transactional net promoter score (nps) score versus 34.5 In 2018 • Diverse portfolio of partnerships: one, nba, netflix, spotify, disneylife, fox+, viu, hooq, klook Develop new ict capabilities/ New and profitable revenue streams • Deployed go wifi and community wifi to enhance/ expand the experience of Globe mobile and broadband customers • Enabled micro, small, medium and large enterprises with relevant business solutions • Cloud adoption and cyber security solutions for enterprise customers • Over 1.2 million amax retailers • GCash has 75,000 QR merchants, 30,000 cash-in points and 400 partner billers who accept GCash payments • Acquisition of a 77 percent stake in EC Pay, which allows Globe to modernize/digitalize its prepaid loading channels and advances Globe’s ambition to be the leader of the filipino digital lifestyle	Accelerate network rollout • Committing to capex of ₱63.0 billion • Bring internet services to more filipino households through wireless home broadband and constantly improve overall network experience • Bring seamless internet connectivity services to more househods and consistently deliver improved customer experience • Launch of relevant 5g offers for the home and central business districts Increase household penetration/Habituate and monetize • Continue to forge partnerships and create innovative content-driven experiences for customers. • Establish esports center as home for e-sports thought leadership • Continue deployment of go wifi and community wifi where and when it matters • Transform trade / distribution experience, beyond telco-products, • Transform end-to-end prepaid experience, to enable digital life; • Improve customer experience via hyper-targeted rewards; provide personalized rewards • Constantly improve how Globe communicates to its customers through digital sales and care channels. • Use of multiple and integrated channels (omni-channel) that create cohesive and personalized customer experience • Create delightful customer experiences across complementing digital and traditional channels that cohesively serve customer needs	Shareholders We commit to a sustainable, consistent and competitive dividend distribution. Employees We empower our employees to champion our purpose to create a Globe of good. Customers We enable our customers with the power of choice as they embrace a digital lifestyle and we enable micro, small, medium and large enterprises with relevant business solutions. Business partners and suppliers We provide opportunities to our suppliers and business partners within our supply chain.

Agile workforce • 8,048 Regular employees (53 percent male and 47 percent female) • 91 percent Sustainable engagement score in 2018 (net of retention score) • 88 percent Organizational health index score in 2019 • Purpose survey indicators - Role and work contribution to Globe purpose: 91 in 2019 vs 87 in 2018 - Personal purpose contribution to Globe purpose: 88 in 2019 vs 87 in 2018 - Employer net promoter score (nps): likeliness to recommend Globe as an employer: 53.40 Vs 43.38 In 2018 • Employee volunteers comprised 40 percent of total employee base • Zero fatality rate and zero man-hours lost due to work-related accidents • Transition towards building an enterprise-wide simple, digital, agile (sda) organization.	• Deliver seamless, frictionless, immersive and consistent customer digital experience, Develop new ict capabilities/ New and profitable revenue streams • Empower the local economy in its digital transformation by helping businesses flourish through the right technology, infrastructure, solutions, and know-how. • Enable small business owners to offer more products and services to stimulate the e-commerce industry and the digital economy, through EC Pay Agile workforce • Create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation • Pioneer the transformation of the service delivery engine to simple, digital, agile (sda) for faster time to market, efficient delivery, effective cost management and better collaboration • Continuing organizational focus on customer-centricity • Enabling an agile organization through agile competency-building and ways of working • Empowering leadership with a focus on clarity, collaboration and succession planning • Perpetuating the circle of happiness through purpose, globe values and overall organizational health • Valuing people and together, ensuring sustainability
--	--

AC ENERGY

“AC Energy continues its strong growth in the Philippines and around the region. With a highly driven organization of 700 professionals, we commit ourselves to build a sustainable future for all as we scale up investments in renewables. We are making excellent progress towards our goal of reaching 5000MW of renewable capacity by 2025.”

- John Eric T. Francia, President and CEO, AC Energy

With solar and wind power plants in and out the Philippines, AC Energy is geared towards being a fully renewable energy international company by 2025.

WHO WE ARE

AC Energy's energy portfolio registered an attributable capacity of over 1.8 GW in operation and under construction in the Asia-Pacific region as of the end of 2019. It increased its attributable energy output in 2019 by 25 percent to 3,500 GWh, of which 50 percent came from renewable energy sources.

As it shifts its portfolio towards renewable energy, AC Energy has developed a pipeline of 1,200 MW in various renewable projects that are expected to reach financial close within 2020. This is in line with the company's goal of achieving 5,000 MW of attributable renewable capacity by 2025.

MARKET OUTLOOK

Buoyed by opportunities in the energy sector across Asia Pacific, AC Energy remains optimistic in achieving its 2025 goals. The company has committed to scale up its renewables in the region and has identified the Philippines, Indonesia, Vietnam, Australia, India and Myanmar as key target markets.

In the Philippines, AC Energy is encouraged by the government's push for more renewable energy generation and less on traditional energy sources. Under the Renewable Portfolio Standards, the country aims to generate 35 percent of total energy output from renewables by 2030. To achieve this, the country will need to build over 15GW of renewables in the next decade. AC Energy, for this part, will continue to make significant investments in this space.

With electricity demand growing on the back of robust regional growth and improvements in attributable renewable energy cost and efficiency materializing, AC Energy seeks to establish significant market presence by expanding and diversifying its generation capacity.

BUSINESS REVIEW

The year 2019 saw AC Energy sustain its growth, with net earnings reaching ₱25.4 billion. This was lifted by contribution from its solar projects in Vietnam, recovery of costs incurred from adjustments in the construction and operations of its

power plants, and gains from the partial divestment of its thermal assets.

Transitioning to Low Carbon Portfolio

AC Energy intends to play a leading role in the energy transition process and has integrated its own decarbonization strategy into its business model. As the company sets to rebalance its generation portfolio to grow its renewable energy assets, it recognizes the need to raise significant funds for its expansion.

In 2019, nearly US\$1.4 billion was raised by AC Energy, and through these strategic initiatives, the company sought to fuel its aggressive expansion.

In May, AC Energy completed the sale of 60 percent economic interest in AA Thermal, Inc., which has ownership interest in the 2 x 300 MW coal-fired power plant in Mariveles, Bataan, and in the 2 x 600 MW supercritical coal-fired power plant in Dinginin, Bataan. The transaction was valued at US\$572.9 million.

AC Energy made its debut in the capital markets in January and raised US\$410 million in Green Bonds, the first publicly syndicated US dollar Green Bonds in Southeast Asia to be certified by the Climate Bonds Initiative: US\$300 million senior Green Bonds with a 5-year tenor and a coupon of 4.75 percent per annum, and US\$110 million senior 10-year Green Bonds with a coupon of 5.25 percent. These successful issuances have the International Finance Corporation and the Asian Development Bank as anchor investors.

AC Energy then capped the year with another offering - the world's first US dollar-denominated senior perpetual fixed-for-life green notes at an aggregate principal amount of US\$400 million with a fixed coupon of 5.65 percent per annum for life with no step-up and no reset, priced at par. The notes were certified under the ASEAN Green Bonds Standards and successfully listed in Singapore Exchange.

Proceeds from these green bonds will support AC Energy's investments in scaling up its renewables portfolio and help elevate environmental and social practices towards global standards.



AC Energy is looking to double the capacity of its 75 MW Sidrap wind farm in Indonesia to 150 MW.

Sustainable Development

AC Energy's commitment to sustainability goes beyond the environmental management and development of social projects. It integrates sustainability principles into its business strategy and day-to-day operations.

In September, the company rolled out its environmental and social policy and management system anchored in three pillars: 1) Transitioning to low carbon portfolio while addressing the energy needs of the markets in which it operates, and 2) Excellence in environmental management, and 3) Commitment to the community

Expansion In High Growth Regional Markets

To capture strong growth momentum, AC Energy accelerated the expansion of its power generation portfolio in the Philippines and across the Asia-Pacific through greenfield projects and M&As.

Philippines

In the Philippines, AC Energy continued to make significant strides to be the leader in renewable energy in the country, with a goal to reach 1,500 MW of renewables by 2020.

In June 2019, AC Energy completed the acquisition of the PHINMA group's combined 51.48 percent stake in PHINMA Energy, which was subsequently

renamed to AC Energy Philippines (ACEPH). As of December, AC Energy directly owns 66.34 percent economic stake in AC Energy Philippines, which will become its main platform in the Philippines.

AC Energy focused on strengthening ACEPH's balance sheet by increasing its capital stock by more than 50 percent to ₱7.5 billion. Further, it infused power generation assets valued at more than ₱14 billion through an asset-for-share swap, doubling ACEPH's equity value and adding 176 MW of capacity to ACEPH's portfolio. This is subject to regulatory approvals.

AC Energy likewise strengthened its domestic portfolio through acquisitions and consolidation of economic interest in some of its thermal and renewables assets. Similarly, AC Energy stepped up its greenfield investments with the start of construction of the 120 MW solar farm project in Alaminos, Laguna, and a 150 MW peaking plant project in Pililla, Rizal. Both projects are being developed by its in-house development platform, ACE Endeavor.

Vietnam

In April, AC Energy and the BIM Group switched on their US\$294 million, 330 MW Ninh Thuan solar farm in Vietnam. The joint venture is comprised of three facilities with installed capacities of 30 MW, 250 MW,



SLTEC, a joint venture between AC Energy, Phinma Energy, and Marubeni Corp., is a 244 MW thermal plant that services the energy demands of Luzon.

and 50 MW, respectively and is expected to generate 545 million kWh of renewable energy annually.

A second renewable energy project in Vietnam was completed by AC Energy in partnership with AMI Renewables in May. These were the 50 MW Khanh Hoa and the 30 MW Dak Lak solar plants. The facilities have been completed in time for the Vietnam government's feed-in tariff deadline in June 2019.

AC Energy and Singapore-based leading renewable energy developer and operator The Blue Circle began the construction of the Mui Ne Wind Farm located at the Binh Thuan province in the Southeastern coast of Vietnam. Construction for the 40 MW first phase has an estimated cost of US\$92 million. Project completion is expected in time for the existing wind feed-in-tariff deadline of November 2021. AC Energy will continue to be an active participant in Vietnam's renewable energy sector.

Australia

As the capital costs of renewable energy in Australia continue to drop, and given Australia's world class solar and wind resources, the country is in a prime position to replace its aging coal fleet with a combination of renewable energy and energy storage.

AC Energy, together with UPC Renewables, intends to harness Australia's strong potential in renewable

energy through large scale projects that will increase leverage and return capital expeditiously to its shareholders. The consortium's most imminent project in Australia is the New England Solar Farm, a 519.5 MW solar farm near Uralla, New South Wales.

India

In October 2019, AC Energy and UPC Renewables' UPC Solar Asia Pacific formed UPC-AC Energy Solar, a solar energy platform for the development, construction and operations of solar projects in the Asia-Pacific region. The joint venture company targets the construction of a portfolio of over 1GW in the next few years, with an initial focus on India, South Korea and Taiwan. AC Energy is investing US\$20 million via a development loan to finance this pipeline, and expects to provide all the construction equity required for these projects.

Myanmar

In October, AC Energy formed a partnership with Yoma Strategic Holdings to co-develop 200 MW of renewable projects in Myanmar, with a joint investment of US\$30 million. The 50-50 joint venture will explore Myanmar's underserved renewable energy market and develop large utility scale renewable projects within the country. Myanmar has one of the lowest electrification rates in Asia, with more than 60 percent of the population not having access to grid electricity.

MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)
Buoyed by significant opportunities in the energy sector across Asia Pacific, AC Energy remains optimistic about achieving its 2025 goals. The company has committed to scale up its renewable energy expansion in the region and has identified the Philippines, Indonesia, Vietnam, Australia, India and Myanmar as key target markets. In the Philippines, AC Energy is encouraged by the government’s push for more renewable energy generation and less in dependence on traditional energy sources, targeting for 35 percent of the country’s energy to be generated from renewable sources by 2030 in line with the Renewable Portfolio Standards. The country will need to build over 15GW of renewables in the next decade, and AC Energy will continue to make significant investments in this space. With the electricity demand continuing to exhibit strong growth on the back of a robust economy across the region, as well as improvements on renewable energy cost and efficiency, AC Energy will continue to expand and diversify its generation capacity, strengthening its energy platform to establish a formidable market presence.	Financial AC Energy has over US\$1 billion of invested and committed equity in renewable and thermal energy in the Philippines and around the region. The company has generated significant profits beginning in 2015, with 2019 income reaching over ₱23 billion, generating the highest contribution to Ayala Corporation’s equity in earnings from its various businesses.	Expand in high growth regional markets Scaling up the development within the Philippines and diversifying internationally in countries that are supportive of renewable energy development, such as Vietnam, and Australia	Development platform With a strong growth momentum, AC Energy accelerated its growth and transformation by transitioning from an investment holding company to a full-fledged platform with development, operations and retail capabilities. This was achieved through a combination of organic growth and acquisitions.
	Recently, AC Energy raised more than US\$1.3 billion in fresh capital from two green bond issuances and the sell-down of thermal assets in 2019. This capital will fund the company’s expansion, in pursuit of its target to reach 5GW of attributable renewable energy capacity by 2025.	internationally in countries that are supportive of renewable energy development, such as Vietnam, and Australia	AC Energy continuously looks for development platforms in scalable markets across the region. To date, we have strategic partnerships for the development of renewable energy projects in the Philippines, Vietnam, Indonesia, Myanmar, India and Australia, among others.
	Natural AC Energy harnesses solar, wind and thermal energy for power generation. In 2019, 50 percent of the power it produced came from renewable energy sources.	Leverage both internal development capabilities and strategic partnerships Strong operations and development team, with over 1,000 MW in development experience in renewables	Power generation AC Energy’s power plants generate power and supply it to distribution utilities and end customers through the grid. In 2019, the company’s plants generated 3,500 GWh of energy, of which 50 percent was from renewable energy sources.
	Manufactured AC Energy has a portfolio of power generating plants with >1,600MW of attributable capacity across different technologies. The company has investments in three geothermal plants, three biomass plants, four wind farms, four thermal plants, six solar farms, and several peaking diesel engines, which supply power across three countries in Southeast Asia.	Active recycling of capital Scale up to 5GW of renewable energy capacity by 2025	Retail electricity supply/ commercial operations AC Energy’s retail and wholesale electricity supply business supports the nation’s thrust for retail competition and open access in the power industry. Through its portfolio of diversified power assets and supply contracts, AC Energy is able to provide reliable and cost-efficient power to industrial customers, as well as much needed dispatchable reserves to support the Luzon and Visayas grid.
	Social and relationship With an aggressive 5GW renewables target by 2025, AC Energy is pursuing strategic alliances to drive expansion, closing deals that are critical to the company’s transformation and growth. AC Energy has forged strong relations with respected and experienced developers and institutions, a wide base of investors and other strategic partners in the Philippines and Asia-Pacific region.		
	As AC Energy builds a balanced portfolio of renewable and conventional power generation assets, it also recognizes the importance of working with communities to create development programs that benefit its stakeholders.		

2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Expand in high growth regional markets: 1. Philippines, Vietnam & Australia 2. New scalebale markets - frontier markets where partners have existing exposure	Expand in high growth regional markets Successfully commissioned 410 MW of solar projects in Vietnam	Expand in high growth regional markets Commence construction of new solar and wind projects in Philippines, Australia, Vietnam and India	Investors and shareholders AC Energy’s net earnings grew to ₱24.6 billion in 2019, driven by the growth of its international business and gains from the sell-down of its thermal assets. In 2019, the company contributed 40 percent (includes divestment gains) of Ayala Corp.’s equity earnings and upstreamed ₱2 billion in dividends to Ayala Corp.
	Started construction of the 40 MW Dai Phong wind project in Vietnam, a partnership with The Blue Circle	Construction underway of two new plants - the 120 MW solar plant in Alaminos, Batangas, and the 150 MW peaking plant in Rizal - to complement the renewable energy assets in the Philippines	growth of its international business and gains from the sell-down of its thermal assets. In 2019, the company contributed 40 percent (includes divestment gains) of Ayala Corp.’s equity earnings and upstreamed ₱2 billion in dividends to Ayala Corp.
	Acquisition of additional stake in 82 MW North Luzon Renewables through AC Energy’s subsidiary, AC Energy Philippines (ACEPH) ACEPH, bringing up the group’s effective economic interest to 67 percent (subject to regulatory approvals)	Successful integration of the PHINMA Energy organization into AC Energy	AC Energy’s operating plants generated 3,500 GWh of reliable, cost-efficient energy to power the requirements of its customers in the Philippines, Indonesia, and Vietnam.
Reinvest capital to enable the expansion of domestic and international renewable energy businesses	Acquisition of additional stake in 45 MW San Carlos Solar Energy (SACASOL) and 80 MW Negros Island Solar Power (ISLASOL), through AC Energy’s subsidiary, AC Energy Philippines (ACEPH) ACEPH, bringing up the group’s total ownership to 100 percent (subject to regulatory approvals)	Leverage both internal development capabilities and strategic partnerships Corporate restructuring completion of AC Energy Philippines (ACEPH)	Customers AC Energy’s operating plants generated 3,500 GWh of reliable, cost-efficient energy to power the requirements of its customers in the Philippines, Indonesia, and Vietnam.
	Leverage both internal development capabilities and strategic partnerships Acquisition of controlling stake in PHINMA Energy; total ownership now stands at 66.34 percent, inclusive of fresh equity infused after the acquisition. The company was renamed AC Energy Philippines Inc.	Active recycling of capital Further strengthen and grow existing partnerships - AMI Renewables, BIM Renewables, Diamond Generating Asia, EGCO Group, Star Energy, The Blue Circle, UPC Renewables and Yoma Strategic Deploy approximately US\$1 billion of capital from green bonds and value realization initiatives	The environment In 2019, AC Energy generated 3,500 GWh of attributable energy, of which 50 percent was from renewable sources. This resulted in the avoidance of 1,262,171 metric tons CO₂ in GHG emissions. AC Energy sold down a portion of its thermal assets in 2019, and is committed to growing its renewable energy portfolio to 5GW by 2025.
	New joint venture with UPC Renewables to build 1GW of capacity in India, Taiwan and Korea	Awarded two Meralco power supply contracts: 200 MW baseload and 110 MW mid-merit contracts for 10 and 5 years respectively. These have been awarded provisional ERC approval	Communities AC Energy’s flagship sustainability program involves a Conservation Estate in a community within the company’s wind farms located in Pagudpud and Bangui Ilocos Norte. It is a multi-year program with livelihood, environment protection and other sustainability features. The program completed the pilot phase and is in the process of scaling up.
	Signed an agreement to enter into joint venture with Singapore-based Yoma Strategic Holdings, to jointly explore developing around 200 MW of additional renewable energy projects within Myanmar, including participation in large utility scale renewable projects		
	Awarded two Meralco power supply contracts: 200 MW baseload and 110 MW mid-merit contracts for 10 and 5 years respectively. These have been awarded provisional ERC approval		
	Active recycling of capital Divestment of coal assets: Sell-down of 60 percent stake in AA Thermal & divestment of GNPowder Kausawagan		
	Approval from the Philippine Competition Commission for the transfer of AC Energy’s indirect ownership interest in the 4 x 138 MW coal-fired GNPK power project in favor of its partner, Power Partners. Consent of the Lenders of GNPK currently being secured		
	Successful issuance of US\$300mn senior Green Bond with a 5-year tenor and a coupon of 4.75 percent per annum, with International Finance Corporation as investor		
	Issuance of US\$110mn senior 10-year Green Bonds with a coupon of 5.25 percent, with Asian Development Bank as investor		
	Successful issuance of US\$400mn perpetual Green Bonds with a fixed-for-life coupon of 5.65 percent per annum		
	Development and implementation of Environmental & Social Policy and its Environmental & Social Management System		

MANILA WATER

"We are thankful for the untiring efforts of our employees and continued support of our stakeholders throughout the challenges last year. Their trust and dedication are what help us weather difficult times and strengthen our resolve to serve our customers better."

- Jose Rene Gregory D. Almendras, CEO, Manila Water

Through its pipeline of state-of-the-art facilities in the coming years, Manila Water is committed in providing best in class water service to millions of Filipinos.

WHO WE ARE

Manila Water is an operator and business builder of water, wastewater, and related assets across the Philippines and in Southeast Asia. The company has over two decades of experience and expertise which is leveraged to provide access to water and sanitation services in a way that considers key impacts on the environment and advocates responsible practices at every stage of its operations.

Manila Water's portfolio includes the Manila Concession which is the original concession business, providing water and wastewater services to over seven million people in the eastern part of Metro Manila. Manila Water's vehicle for domestic businesses outside the East Zone is Manila Water Philippine Ventures, with operations in key cities across the country. Internationally, Manila Water Asia Pacific was established to take advantage of new opportunities and partnerships in the ASEAN region. Lastly, Manila Water Total Solutions serves as an incubator of new business opportunities across the water value chain, driven by business and technological innovation.

MARKET OUTLOOK

Climate change has significantly altered every aspect of the water space – a reality that nations continue to address along with challenges concerning increasing population and density in highly urbanized areas. Competition in the space has been redefined by those who have access to this limited resource; communities, in their pursuit for growth, demand more to the expense of the environment's ability to replenish. This has created a vicious cycle of development being impeded by the lack or absence of water supply to support development. The challenge for governments and service providers is striking the delicate balance between the provision of sufficient water supply for economic growth and social development, and allowing the environment to naturally replenish water sources to ensure sustainability. Such balance has highlighted the importance of proper wastewater treatment, which supports raw water supply replenishment in the environment.

Manila Water acknowledges the primary importance of water security, which became particularly

apparent during the onset of the water supply shortage in Metro Manila. The experience has underscored the key risks in relation to water security, and the company has taken measures to align its operations with the new realities it now faces. These measures support Manila Water's commitment to the United Nations Sustainable Development Goals on clean water and sanitation.

Manila Water continues to improve access to clean water and sanitation services across all its domestic business units as a response to the needs of the country. In the Philippines, 90 percent of the rural population already has access to at least basic drinking water services. However, this is still behind the 98 percent access in urban areas. Meanwhile, in terms of Sanitation, the country has yet to gain traction in significantly improving and expanding access to sanitation facilities. At the national level, only 52 percent of the population has access to safely managed sanitation facilities. Through the company's wastewater and sanitation programs, the company directly contributes towards narrowing these gaps.

Manila Water remains focused on its mission to provide sustainable solutions to its customers. The company continues to strengthen its key operating principles, even in the midst of adversity brought about by social, environmental and institutional challenges.

In response to the water supply shortage in the Manila Concession, the company exerted efforts to further attain network efficiencies. Manila Water's business and technical teams learned to effectively provide water to its customers despite lower raw water supply allocation. Equally important is the provision of wastewater services. Manila Water is committed to continue its expansion of sewer coverage while maintaining existing service levels of its sanitation services. This enhanced focus on improving service levels despite prevailing challenges is grounded upon the company's thrust towards creating exceptional customer experience.

Outside Metro Manila, the different subsidiaries focused efforts to standardize its key operating processes, with the Manila Concession as

benchmark. Improvements in transitioning and integrating new businesses, such as introduction of relevant operating and financial systems aligned with Manila Water's principles, are cascaded to business units across the enterprise and will likewise continue as the company pursues other projects.

BUSSINESS REVIEW

Manila Water's net income decreased 16 percent to ₱5.5 billion in 2019, with business performance dampened by the impact of the MWSS penalty, voluntary one-time Bill Waiver Program and additional expenses in relation to the water shortage in the Manila Concession during the year. These challenges were coupled with the continued management of the constrained raw water supply and additional expenses for potential exposures.

Manila Concession

Manila Concession's revenues grew four percent to ₱16,842 million, driven by the seven percent increase in average tariff. This was, however, offset by the decline in billed volume to 493.9 million cubic meters from 503.3 mcm in 2018 and the implementation of the one-time voluntary bill waiver to ease the inconvenience of affected customers during the water shortage in March 2019.

Coming from the water supply shortage, Manila Water continues to improve and stabilize operations to provide reliable service to its customers. Focusing on its water supply augmentation projects, production at the Cardona Plant reached 98 MLD as of December 2019. The recommissioning and development of new deep wells continues, with a total capacity of 55 MLD as of the same period. These initiatives, along with the continued proactive network management and optimization program, has enabled water availability for customers to be kept within regulatory levels despite lower raw water supply allocation. The 2019 level of water losses in the system or non-revenue water, was stable at 10.4 percent, an improvement of 1.0 percentage point from the previous year's 11.4 percent. This improvement was attained even under a still significantly reduced raw water supply allocation.

Net income of the Manila Concession declined 22 percent to ₱5.1 billion.

Manila Water Philippine Ventures

Helping develop local economies and improving quality of life is at the forefront of Manila Water Philippine Ventures' expansion and operating principles. MWPV continues to strengthen the social responsibility of its operating subsidiaries and incorporates this philosophy in more partnerships across the country. In doing so, MWPV supports the transformation of areas to sustainable and dynamic areas.

On a consolidated MWPV level, revenues grew 45 percent to ₱4.8 billion in 2019. A significant contributor to this improvement was the higher revenues of MWPV's business-to-business arm, Estate Water coming mostly from supervision fees for design and project management services in the development of water and wastewater facilities, as well as similar fees for the provision of water and wastewater services. In addition, portions of the increase in revenues are due to higher average tariff levels in operating subsidiaries Boracay Water and Laguna Water. Several subsidiaries also saw increases in billed volume during the year, namely Boracay Water and Estate Water, with the re-influx of tourists and the takeover of more property development projects, respectively.

Laguna Water's billed volume increased four percent to 44.1 mcm in 2019 from 42.4 mcm in 2018 on the back of additional new water service connections



Manila Water's pipelaying activities ensure efficient water distribution in all its serviced areas.



Manila Water's pipelaying project in Ilugin, Pasig is close to completion will be the largest Sewage Treatment Plant in the country with a capacity of more than 100 million liters of used water per day.

and subdivision takeover, but was offset by the lower consumption of several LTI locators due to lower production levels and increased water conservation efforts. Meanwhile, Boracay Water recovered from the mandatory closing of the island in 2018, with billed volume growing 23 percent to 4.8 mcm driven by the influx of more than two million tourists in 2019. Clark Water's billed volume slightly increased by 2 percent to 14.5 mcm due to the higher consumption of its commercial accounts. Lastly, Estate Water posted an 18 percent increase in billed volume to reach 10.5 mcm, as it operates newly taken over developments.

MWPV more than doubled its net income in 2019 to ₱450 million.

Manila Water Asia Pacific

Establishing Manila Water's growing presence in the ASEAN region, Manila Water Asia Pacific gears up to take advantage of new acquisitions and partnerships internationally, particularly in countries which encourage foreign investments in the water industry.

On a consolidated MWAP level, equity share in net income of associates decreased by 7 percent to ₱654 million, primarily due to the lower performance of Vietnam investments and the recognition of impairment losses in one of its Vietnam businesses, Saigon Water. This reduction was partially offset by

the full year recognition of the share in net income from East Water.

MWAP's consolidated net income ended at ₱168 million, 41 percent lower than the previous year.

Manila Water Total Solutions

Centered on providing innovative water supply and sanitation products and services, Manila Water Total Solutions has served as an incubator of new business opportunities throughout the water cycle. It develops both end-consumer and system solutions in the water and used water value chain, which are then delivered at scale and with a commitment to protect the environment. Specifically, these include the provision of network and technical services under its corporate accounts management business, and the sale of packaged purified water through the Healthy Family brand.

In 2019, the sale of packaged purified water through the Healthy Family brand saw a decline in bottle sales to 5.7 million bottles from 7.9 million bottles in 2018. This resulted in lower revenues to ₱336 million from ₱436 million last year. MWTS also recognized an additional impairment driven by the difference between the book value and actual or assessed value of inventory of assets.

These developments led to MWTS posting a net loss of ₱169 million for the year.

AC INDUSTRIALS

"In 2019, our markets continued to both transform and be buffeted by geopolitical headwinds. This impacted both our operating units and high-technology investments. While we expect this demanding environment to persist in 2020, especially with COVID-19, our belief remains steadfast in the long-term potential of our priority megatrends – new mobility, IoT, and renewable energy."

- Arthur R. Tan, President and CEO, AC Industrials

Kia looks to secure significant market share in the highly competitive domestic automotive industry with the addition of four new models in 2019.

WHO WE ARE

AC Industrial Technology Holdings Inc. is Ayala's industrial technologies arm, managing a primarily mobility-oriented portfolio composed of both operating units and investments in emerging high potential technologies. The company is founded on its dual core of Integrated Micro-Electronics, Inc., a Philippine electronics manufacturing services pioneer and now a globally leading manufacturing and technology solutions partner, and AC Motors, one of the country's largest multi-brand vehicle distribution and dealership groups. AC Industrials operates in twelve countries around the world with its primary markets in North America, Europe and Asia.

Through AC Industrials, Ayala envisions growing its presence in the global industrial technologies space by capitalizing on opportunities opened by disruptive technological shifts, changing industry landscapes, and evolving end-user demand.

MARKET OUTLOOK

The year 2019 presented several macro-driven challenges for AC Industrials' global markets. The U.S.-China trade conflict intensified, forcing firms who do business in either country to adapt to tougher operating conditions, including rising tariffs and tightening trade barriers. Meanwhile,

the global march toward increased digitization and connectivity continues to impact many industries. In the electronics manufacturing services space, the increased demand for electronic devices has resulted in not only greater need for customization and operational efficiencies among industry players, but also operational challenges in terms of material shortages and more demanding customer cycle times.

On the domestic front, the Philippine automotive market showed some signs of recovery in 2019. This was mainly driven by stable demand for commercial vehicles and gradual consumer acceptance of generally higher vehicle price levels, which rose in 2018 due to the implementation of the first tranche of a national tax reform program. Looking ahead, industry prospects remain bright, as evidenced by the Philippines' continued status as a valued destination for many automotive manufacturers. Consistent economic growth of 5 to 6 percent, increasing disposable incomes, and continued industry underpenetration – at just 43 vehicles per thousand household – should remain an attractive recipe for OEMs.

As we look ahead to 2020, we expect most of these macro, political, and industry forces to remain in



AC Industrials partners with multiple OEM brands to ensure that it offers competitively priced and widely distributed vehicles.



KIA Philippines Dealer Principles Meeting.

place. World geopolitics will likely remain volatile with the corresponding impact on our units which do business at a global level. Key technological trends such as autonomy, connectivity, sharing, and smart energy, meanwhile, will continue to shift industry profitability pools over the next decade. These global transformations will eventually reach the mass market level in emerging countries such as the Philippines, and otherwise leading domestic players will have to be prepared to manage their impact.

BUSINESS REVIEW

AC Industrials recorded a net loss of ₱2.4 billion as headwinds in both the electronics manufacturing services industry and the global auto industry hampered earnings across its several business lines.

The company's EMS platform, Integrated Micro-Electronics Inc., continued to weather challenges in its main market segments, particularly the automotive, industrial, and aerospace. Additionally, investments in capacity and technical capabilities



IMI supports the drive optimization and transformation of Honda and Isuzu, along with the AC Industrials' other automotive holdings.



AC Industrials, through its partnership with KTM, serves the fast-growing local market for motorcycles, which have roughly tripled in the last ten years.

for future growth increased the company's overhead expenditures, which partly affected gross profit margins. Overall, these factors hindered IMI's growth in 2019, with the company posting a net loss of US\$7.8 million for the year.

Revenues from IMI's wholly owned operations tallied at US\$1 billion, down three percent from the previous year. The company's Asian operating units dropped a total of 11 percent, as a function of the aforementioned slowdown in China's automotive market for the year. This was offset by the performance of IMI Europe, also largely automotive based, which grew three percent year-on-year as the company's newest production facility in Serbia continued its ramp-up in its first full year of operations. In parallel, IMI's Mexico operations, which serve the North American markets, continued their robust trajectories with a 50 percent revenue growth in 2019.

IMI's core subsidiaries, Via Optronics and STI, Ltd., posted combined revenues of \$248 million, a decline of 21 percent from the previous year. VIA's drop was mainly driven by the slump in the overall computing

consumer segment and the delay in the release of a new generation component from one of its major customers. Meanwhile, the uncertainty over Brexit, which persisted at least through 2019, caused some delays in the awarding of several contracts where STI is a key competitor.

AC Industrials' Philippine vehicle distribution and retail arm, AC Motors, recorded a net loss of ₱337 million on lower sales volumes across its Honda, Isuzu, and Volkswagen brands. As the industry recovers from the previous year's sizable, policy-driven decline, competition continues to be highly competitive, with over 50 players vying for slowly recovering customer demand.

Meanwhile, AC Industrials' startup investments, Merlin Solar, MT Technologies, and C-CON, recorded higher net losses during the period as they continue to grow their revenue pipelines, invest in capacity and infrastructure, and manage underutilization of capacity resulting from the global downturn in automotive and manufacturing.

MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)
The year 2019 presented several macro-driven challenges for AC Industrials’ global markets. The U.S.-China trade conflict intensified, forcing firms who do business in either country to adapt to tougher operating conditions, including rising tariffs and tightening trade barriers. Meanwhile, the global march toward increased digitization and connectivity continues to impact many industries. In the electronics manufacturing services space, the increased demand for electronic devices has resulted in not only greater need for customization and operational efficiencies among industry players, but also operational challenges in terms of material shortages and more demanding customer cycle times. On the domestic front, the Philippine automotive market showed some signs of recovery in 2019 with new vehicle sales increasing four percent to 416,379 units. This was mainly driven by stable demand for commercial vehicles and gradual consumer acceptance of generally higher vehicle price levels, which rose in 2018 due to the implementation of the first tranche of a national tax reform program. Looking ahead, industry prospects remain bright, as evidenced by the Philippines’s continued status as a valued destination for many automotive manufacturers. Consistent economic growth of 5 to 6 percent, increasing disposable incomes, and continued industry underpenetration – at just 43 vehicles per thousand household – should remain an attractive recipe for OEMs. As we look ahead to 2020, we expect most of these macro, political, and industry forces to remain in place. World geopolitics will likely remain volatile with the corresponding impact on our units which do business at a global level. Key technological trends such as autonomy, connectivity, sharing, and smart energy, meanwhile, will continue to shift industry profitability pools over the next decade. These global transformations will eventually reach the mass market level in emerging countries such as the Philippines, and otherwise leading domestic players will have to be prepared to manage their impact.	Financial Our balance sheet has a capital base that can be readily deployed to address growth opportunities and rapidly respond to customer needs. Manufactured Facilities located around the world allow us to create and distribute products, services and solutions to its customers. We operate 38 facilities around the world with 130+ surface-mount technology production lines and 432,000 square meters of manufacturing space. AC Industrials also directly holds a majority stake in the KTM motorcycle production plant in Laguna, Philippines, as well as management of a nationwide network of over 100 automotive dealerships covering six vehicle brands. Intellectual We dispatch our emerging suite of proprietary technologies and intellectual property for the benefit of our customers and partners. Human We have a broad base of over 19,500 employees and executives that deliver operational excellence, customer satisfaction, and value-adding technical expertise. Social and relationship We treat partners and customers fairly and view them as long-term relationships that stand the test of time. Our operations adhere to Ayala’s standards of sustainability and good governance	Legacy, larger-scale operations Strengthen and optimize Ayala’s at-scale operations in electronics manufacturing and automotive distribution & retail. New growth operations Scale up the recently acquired businesses that boost and complement the larger-scale operating units. High-tech investments Provide financial and strategic support to unlock the potential of our investments in high potential technologies.	Portfolio management We actively manage our portfolio, constantly enabling selected, high impact synergy opportunities among our businesses. From a management perspective, we provide a broad range of corporate functions such as strategic planning, governance, resource allocation, and financial management. Global manufacturing services We deliver full manufacturing solutions not only for our customers and partners, but also for our own portfolio of companies. Emerging technologies development We constantly seek out, acquire, and commercialize key technologies that enhance and protect our competitive position. Vehicle distribution and retail We partner with multiple OEM brands to competitively source and distribute a broad, complementary, and integrated selection of vehicles for a wide range of Philippine automotive customers.

2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
• Support expansion of IMI via internal and external initiatives • Drive optimization & transformation of Honda and Isuzu, along with overall automotive group • Continue to build revenue pipelines for MT and Merlin Solar; stabilize and establish internal organization and structures • Reestablish Kia in the Philippines and launch the SAIC Maxus brand • Open new export markets for KTM	Legacy, larger-scale operations IMI’s core manufacturing operations remained relatively stable, ending at over US\$1 billion. Our Honda and Isuzu dealership groups retained their leadership positions within their respective networks, holding 30+ percent of each brand’s sales in 2019. Volkswagen Philippines opened two new dealerships in Cagayan de Oro and Sta. Rosa, accessing new areas of automotive demand. New growth operations STI commissioned a new SMT line in its Hook facility, further improving production and quality. Relaunched the Kia brand on January 30, and with just 11 months of operations, grew unit sales by 124 percent year-over-year. KTM Philippines produced more than 6,800 motorcycles and exported more than 70 percent of them, achieving a strategic manufacturing milestone with the latter. Introduced the Maxus commercial vehicle brand in June 2019, our first partnership with SAIC, one of the world’s fastest-growing automakers, and with a model lineup that complements AC Motors’ existing brands. High-tech investments Acquired through MT Technologies a majority stake in C-CON Group, a Munich-based engineering services provider with proprietary capabilities in carbon fiber production. Merlin Solar identified its key markets of transportation, roofing, and portables, and began targeting customers aggressively in those segments.	Legacy, larger-scale operations Support the growth of IMI’s core businesses. Drive transformation and optimization initiatives in Honda, Isuzu as well as across AC Motors. Enhance Volkswagen’s market position with its competitive products and dealer network. New growth operations Continue scale-up of STI’s operations, and drive synergies with IMI when available. Expand dealership networks and brand awareness of both Kia and Maxus. Ramp up KTM’s volumes via accelerated export operations and growth of the domestic dealership network. High-tech investments Continue assisting MT, C-CON, and Merlin in expanding their revenue pipelines. Put necessary structures in place to stabilize the businesses while retaining their flexibility to operate with startup agility. Drive operational integration of MT and C-CON as ACI’s Tier 1 automotive platform.	Investor and shareholders We provide shareholder returns that are diversified by the sectoral and geographic scope of its portfolio. • 2019 IMI group consolidated revenues of \$1.3 billion. • 2019 AC Motors consolidated revenue of ₱22 billion. • 2019 MT Technologies group and Merlin Solar revenues of \$48 million. Employees Our global employee base have every opportunity to build meaningful, long-term careers that also allow them to support their families. Partners Our long-term strategic partners are treated fairly, and these ventures generate growing, consistent returns that equitably accrue to all sides. Customers We offer products, services, solutions, and ownership experiences that exceed customer requirements and global quality standards. We remain focused on acquiring capabilities and experience in emerging technologies rather than on the traditional products and systems we build. In addition, our vehicle distribution and retail arm sold 16,800 4-wheel vehicles in 2019. Government and policy makers We champion the development of quality manufacturing in the markets we operate in, in support of government thrusts to promote the sector as a pillar of national development. We live this out by prioritizing, investing and locating in our home country of the Philippines, utilizing key frameworks and programs to generate value throughout economic and regulatory cycles.

AC INFRASTRUCTURE

"Recent events in our country have shown just how critical transport, logistics, and financial infrastructure are to keep services for Filipinos going—especially during times of crisis. AC Infra remains committed to keep people, goods, and services moving, even during the most challenging times."

- Jose Renato Gregory D. Almendras, President and CEO, AC Infrastructure

Entrego's new 12,000 square meter sorting and distribution hub in Laguna Technopark is able to sort 12,000 packages an hour.

WHO WE ARE

AC Infra improves movement of people, goods, and services in an efficient, safe, innovative, and sustainable manner. We develop and invest in businesses to address urgent infrastructure needs in the mass transportation, mobility, logistics, and financial services sectors. Our portfolio consists of projects operating under a government concession and businesses outside the Public Private Partnership (PPP) mode.

Our PPP projects in the toll road, rail, and cashless payments sectors continue to improve on established efficiencies and provide reliable service for hundreds of thousands of commuters and motorists daily. AC Infra entered the logistics and fulfilment services space in 2018 with the launch of Entrego and intends to expand its portfolio in this sector in the coming years.

Our ability to steward and lead projects from its development, implementation, operations and maintenance is our key advantage. As a wholly owned subsidiary of Ayala Corporation, we build on Ayala's reputation and track record of excellence in developing and sustainably managing large scale projects.

MARKET OUTLOOK

With billions of pesos lost each day due to poor infrastructure, the need to invest in solutions to improve movement of people and goods remain a top priority. Investments in long term solutions are urgently needed to cut the cost of doing business, attract more investments, enhance productivity outside urban areas, and enable the Philippines to further its competitiveness globally and in the ASEAN region.

The Philippine government, for its part, has increased public infrastructure investment from an average of 3 percent of GDP during 2011–16 to over 5 percent in 2018 with its Build Build Build program. The National Economic Development Authority has prioritized implementation of several large projects that aim to address major gaps in mass transportation, airports, water resources, and energy. AC Infra continually assesses available opportunities to participate in addressing

infrastructure bottlenecks as more government-led infrastructure projects are opened for private sector involvement.

The need for efficient and reliable logistics is expected to grow as the ecommerce market expands across the country. A growing preference for more convenient and cashless modes of financial transactions will likewise require investments in systems and platforms to support the growth of the financial services and technology sector.

The company intends to pursue new investments in scalable, high-growth, innovative infrastructure solutions that will serve the needs of the e-commerce, financial services, and telco sectors to balance its current portfolio composed mostly of PPP projects.

We forge partnerships and synergies within and outside the Ayala group to grow existing and future businesses without compromise to the efficiency and performance standards of our operating businesses.

BUSINESS REVIEW

Entrego Fulfilment Solutions, Inc.

Entrego is AC Infrastructure's vehicle for its investment in the fulfilment and logistics sector. In 2019, it ramped up significantly posting a compounded monthly growth of 14 percent in volume throughout the year. This growth was underpinned by the rising demands of the e-commerce and retail sectors for B-to-B and B-to-C logistics services. During the year, Entrego gained a foothold serving the major e-commerce players in the country, leveraging on its nationwide reach. It also launched an automated sorting center to drive operational efficiencies and processes.

As the company moves towards growing its business, it has started to tap other market segments to broaden its customer base and is gradually preparing for market entry into contract logistics, warehousing, and domestic freight forwarding services.

AC Infra has committed up to ₱580 million over the next few years to support Entrego's planned growth and expansion.



AC Infrastructure is working to add eight new stations to the existing LRT line, which should effectively cut down travel between Baclaran to Bacoar to just 25 minutes.

Light Rail Manila Corporation

Since assuming operations and maintenance functions in 2015, Light Rail Manila Corporation has invested ₱10.7 billion for the rehabilitation, restoration, and upgrade of LRT line 1, resulting to a more comfortable, safer, and reliable commute for its 450,000 daily passengers.

With 116 working light rail vehicles at present (from an initial 77 units in 2015), LRMV was able to provide the public more trips per day, expand operating hours, and shorten headway from 5-minute average interval in 2015 to the current 3.5-minute average. LRMV inaugurated its expanded EDSA Station last October 2019, providing a wider space for ticketing, queuing, and additional PWD facilities. Various renovation, re-layout, and accessibility improvement works have likewise been implemented in other existing stations to improve passenger safety and operational efficiency. LRMV also launched the ikotMNL app to cater to the evolving needs of its passengers.

LRMV started its Cavite Extension project in May 2019, investing over ₱10 billion worth of engineering, procurement, and construction works

to-date. The project will add eight new stations-- Redemptorist, MIA, Asiaworld, Ninoy Aquino, Dr. Santos, Las Piñas, Zapote, and Niog, to the existing line. When fully operational, the entire 28-station LRT 1 line will cater to 800,000 passengers daily and will cut travel time between Baclaran and Bacoar from over an hour to just 25 minutes.

In anticipation of an increase in ridership, LRMV is expecting the delivery of the new Generation 4 trains by the third quarter of 2020.

Muntinlupa Cavite Expressway

Average annual daily traffic at the Muntinlupa-Cavite Expressway for 2019 was at 35,630 vehicles, a 10 percent increase from a year ago. This growth in vehicular traffic is expected to grow steadily in the coming years as more establishments and lifestyle centers rise in the vicinity of the four-kilometer toll road.

AF Payments, Inc.

beep™ continued to grow its network of transport partners and expand the application of beep™ solutions beyond the rail market segment.



In addition to the public transport partners that beep™ serves, it has expanded to cater to tourist passes for popular attractions in Intramuros and Palawan.

By the end of 2019, beep™ non-rail partners include 15 bus operators with 370 units, and 14 modern PUVs and e-tricycle operators with 351 units. beep™ is present in Cebu through Topline Marina and Cebu Peoples Multipurpose, in Isabela province through First Isabela Transport Service, and in Iloilo through the Iloilo Alliance Trans. Coop. The company also serves tourist zones through beep™-enabled tourist passes used by visitors to access popular attractions in Intramuros and Palawan.

In October 2019, beep™ launched the Philippine's first public transport QR ticketing system for BGC Bus and Topline Marina. All these developments have grown beep™ card usage from an average of 600,000 taps in 2018 to an average of 700,000 taps for 2019.

NAIA Rehabilitation

The proposal to rehabilitate, expand, operate, maintain, and transform the Ninoy Aquino International Airport was approved by the NEDA Board last November 27, 2019. The approval paved the way for the NAIA consortium to commence negotiations with the Manila International Airport Authority.

Government is targeting to complete the swiss challenge phase and sign the concession agreement with the project proponent by the second quarter of 2020.

MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)
With billions of pesos lost each day due to poor infrastructure, the need to invest in solutions to improve movement of people and goods remain a top priority. Investments in long term solutions are urgently needed to cut the cost of doing business, attract more investments, enhance productivity outside urban areas, and enable the Philippines to further its competitiveness globally and in the ASEAN region. The Philippine government, for its part, has increased public infrastructure investment from an average of 3 percent of GDP during 2011–16 to over 5 percent in 2018 with its Build Build Build program. The National Economic Development Authority has prioritized implementation of several large projects that aim to address major gaps in mass transportation, airports, water resources, and energy. AC Infra continually assesses available opportunities to participate in addressing infrastructure bottlenecks as more government-led infrastructure projects are opened for private sector involvement. The need for efficient and reliable logistics is expected to grow as the ecommerce market expands across the country. A growing preference for more convenient and cashless modes of financial transactions will likewise require investments in systems and platforms to support the growth of the financial services and technology sector. The company intends to pursue new investments in scalable, high-growth, innovative infrastructure solutions that will serve the needs of the e-commerce, financial services, and telco sectors to balance its current portfolio composed mostly of PPP projects. We forge partnerships and synergies within and outside the Ayala group to grow existing and future businesses without compromise to the efficiency and performance standards of our operating businesses.	Financial A strong balance sheet and strategic capex investments funded by Ayala Corporation Manufactured Continued improvement in the operating efficiencies of LRT-1, MCX, and beepTM Intellectual Extensive project management capability and track record in preparing successful PPP project proposals for toll road, rail, and airport infrastructure. Human An innovative, collaborative, and agile organization that possesses a wide range of skills and experiences critical in stewarding projects from development to operations. Social and Relationship Wide spectrum of local and foreign partners with complementary knowledge and expertise. Mutually supportive partnerships with project stakeholders.	Ensure high levels of efficiency for operating companies under government concessions Deliver consistent level of service and continue to exceed key performance indicators for operating toll, rail, and payment companies Propose strategic projects to government Selectively pursue government projects to address the country’s urgent infrastructure needs Expand portfolio of non-PPP businesses Develop end to end logistics supply chain portfolio with planned market entry into contract logistics and freight forwarding.	We invest in businesses that improve movement of people, goods, and services in an efficient, safe, innovative, and sustainable manner. Project Development We look for scalable and high-growth opportunities in the mass transportation, toll road, airport, logistics, and financial services sectors. Together with trusted and competent partners, we drive the business development process to come up with innovative and sustainable solutions. We forge partnerships and synergies within the Ayala group to grow existing and future business. Implementation and Business Start-Up Our team manages the implementation of projects and executes plans in a timely and cost-efficient manner. We use the best practices to meet industry standards and ensure compliance with all regulatory processes. Efficient Operations Our business units ensure plans are executed in a precise manner and processes are efficient to consistently meet desired key performance indicators. Our people constantly train and enhance their skills and technical capabilities, to ensure adherence to international standards of operations and maintenance. Talent and Leadership Development Our talents have opportunities to grow through challenging assignments, personalized learning programs, and rewards. Talents are developed and prepared to take on leadership roles in our business units.

2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
• Annual average daily traffic to reach 35,000 • Replacement of system-wide CCTVs • Commence upgrade of radio system • Improve passenger experience and feedback • Expand to 1000 beep-enabled bus and jeepney units by end-2019 • Secure NEDA Board approval and undertake Swiss Challenge • Launch Entrego’s C2C platform • Expand client base for freight forwarding	Muntinlupa Cavite Expressway • Average daily traffic at 35,624 vehicles, a 10 percent increase from 2018 AADT. Light Rail Manila Corporation • Number of functioning Light Rail Vehicles (LRVs) at the end of 2019 is 116 (from an initial 77 in 2015). • 446,000 average daily ridership for 2019 • Maintained average headway at 3.5 minutes between trains • Launched the expanded EDSA/Taft station AF Payments Inc. By the end of 2019, beep™ non-rail partners include 15 bus operators with 370 units, and 14 modern PUVs and e-tricycle operators with 351 units. Secured NEDA approval for the NAIA rehabilitation project Entrego Expanded operations of Entrego and posted a compounded monthly growth of 14 percent in volume throughout 2019.	Muntinlupa Cavite Expressway Annual average daily traffic to reach 38,000. Light Rail Manila Corporation Passengers per hour per direction (Peak Offer): 20,000 (12mo. average) ISO 9001&14001 Re-certification (every 3 years) Cavite extension project: 50 percent completion Complete installation of new signaling system for the entire fleet/legacy trains Begin arrival of Gen 4 Trains for signaling installation (Q3 2020) AF Payments Inc. Sign up 150 additional Jeepney operators and 10 new bus partners. Enable QR ticketing in 4 transport operators. Launch the beep rewards platform Government to undertake Swiss Challenge process Grow AC Infra’s logistics portfolio business Expand client base for freight forwarding Open the Zalora fulfilment center at MCX	Our projects improve the quality of life for many Filipinos Movement of People Travel time is reduced for motorists and train passengers. An average of 35,624 motorists use the Muntinlupa Cavite Expressway daily, saving them valuable travel time to and from the South Luzon Expressway. Light Rail Manila Corporation gives its 448,000 daily passengers a safe, reliable, fast, and inexpensive mode of transport to reach many areas in Metro Manila. With an average headway of 3.5 minutes between trains, LRT 1 transports more people per trip compared to other public transportation modes. Movement of Goods Entrego facilitated deliveries of parcels nationwide with an aggregate 93 percent on time delivery performance. Movement of Services AF Payments’ beep card processed a total of ₱3.7B worth of transactions for its 23 transportation partners with 99.9 percent accuracy. National Development Our country can grow at a faster pace when infrastructure moves people, goods, and services reliably and efficiently. Continued improvements in operations and maintenance are translated into benefits in the form of better quality of life and service to citizens.

AC HEALTH

"Amidst all the healthcare challenges we have been confronted with at the start of 2020, it is clear that there is still so much more we can all do to contribute to improving healthcare in the Philippines. Now, more than ever, AC Health remains committed to ensuring that we provide much-needed affordable, accessible, and quality healthcare for more Filipinos."

- Paolo Maximo F. Borromeo, President and CEO, AC Health



AC Health added Healthway Philippines in its healthcare ecosystem in December 2019, furthering its ability to accomplish its vision of broad-base and affordable healthcare to Filipinos.

WHO WE ARE

AC Health is the portfolio company of the Ayala group for its healthcare investments. It aims to address the unmet need for accessible, affordable and quality healthcare for all Filipinos by building, investing, and connecting various businesses into an integrated and seamless ecosystem of services across the continuum of care.

The company's retail health portfolio includes Generika Drugstore, the pioneer in the retail sale of generic medicines, and FamilyDOC, the country's largest chain of retail primary care clinics. In 2019, AC Health added Healthway Medical, which operates a network of mall-based multispecialty clinics and corporate clinics, to its portfolio. On the pharma space, AC Health invested in IE Medica, one of the leading pharma importers in the country, and MedEthix, its affiliated distribution company.

AC Health also continues to build and invest in health technology solutions through its own technology arm, Vigos Health Technologies. Launched in 2018, Vigos' portfolio of in-house solutions includes an electronic medical record system called Vigos EMR, which is used across all FamilyDOC clinics, and a corporate health mobile solutions platform, Vigos Care. Vigos Care is used by employees alongside the corporate clinics, FamilyDOC@Work, which was launched within the Ayala group in 2019. Vigos also invests in high potential health technology partners such as MedGrocer, an FDA-licensed corporate medicine benefits management, and AIDE, a digital home health platform. In 2019, Vigos also invested into Fibronostics, a global US-based healthcare technology company focused on non-invasive algorithm-based solutions for diagnostic testing.

Overall, AC Health's vision of building an integrated network of healthcare services has become its competitive advantage. This includes its strong retail health footprint that enables it to provide last-mile access to consumers. It also harnesses the value of innovative products, services, and business models, including various health technology solutions, to address the needs of its patients and customers. Finally, it is also anchored on building strong and strategic partnerships with those who share

the same vision of delivering quality, affordable, accessible care for all Filipinos. This includes finding synergies with the broader Ayala group and working in close collaboration with various sectors of the healthcare industry, including private sector companies, government, other local health authorities, and the academe.

MARKET OUTLOOK

Locally, the year 2019 continued to be an eventful period for the Philippine healthcare industry, as the Implementing Rules and Regulations for newly enacted healthcare bills were released. These include the IRR for the National Integrated Cancer Control Act and the IRR for the Universal Health Care Act, both of which provide further guidance on increasing cancer care and primary care coverage for all Filipinos, respectively.

By December 2019, however, news of the first case of COVID-19 in Wuhan, Hubei, China broke out, disrupting the healthcare industry globally. At that time, little had been known about this pneumonia-causing virus. It was later learned to be a new strain of the Coronavirus family, where infection was originally via animal transmission and eventually became transmissible by respiratory droplets among humans. By March 2020, the outbreak of COVID-19 cases had been declared a global pandemic with a growing number of countries with local transmission, including the Philippines. On March 12, 2020, President Rodrigo Duterte raised the country's Code Alert System to Code Red Sublevel 2 and declared Metro Manila under community quarantine in an effort to control the situation.

In response to the disease outbreak, the general public's demand for more preventive medicines and supplies has increased. However, visits to clinics decreased due to compliance with social distancing measures and increased concern over being exposed to the virus. In addition, healthcare industry players must contend with supply chain issues brought about by an increase in demand and a shortage of medicines and supplies due to disruption in global supply chains. The outlook remains cautious and a general slowing in the overall growth of the industry, locally and globally, is anticipated as an impact of



FamilyDOC is backed by AC Health's technology arm, Vigos, which develops digital solutions for client information and corporate health management.

COVID-19 containment measures and supply and human resource issues. Importantly, it will be critical to ensure the safety and well-being of healthcare medical -professionals who are at the frontline of this pandemic. As cases are expected to increase in number and with the situation persisting through the first half of 2020, AC Health is committed to ensuring its clinics and drugstores continue to operate and provide much needed healthcare services to Filipinos.

BUSINESS REVIEW

AC Health continues to establish its presence as a key player in the Philippine healthcare industry, with its continued expansion and growth in the pharma, clinics, and health technology spaces, alongside planned investments into hospitals and specialty care. It has also differentiated itself in the industry with its advocacy of improving healthcare for all through its ecosystem.

In the pharma space, AC Health increased its equity stake in Generika at 52.5 percent. Generika ended

the year with a total of 804 drugstores nationwide. Moreover, AC Health invested in one of the leading importers of medicines in the country, IE Medica, as well as its affiliated distribution company, MedEthix. With this investment, the AC Health looks forward to integrating its pharmaceutical portfolio and strengthening its supply chain for its growing network of drugstores and primary and multi-specialty care facilities.

On clinics, AC Health has grown to be the biggest network of clinics in the country, offering primary care, multi-specialty care, and corporate health services through FamilyDOC and Healthway, which it acquired in January 2020. In 2019, FamilyDOC opened 20 new clinics, including its biggest branch in Sampaloc, Manila, to end the year with 74 clinics in total all over the Greater Manila Area. It has also served more than 490,000 unique patients since its first clinic opened in late 2015. Meanwhile, Healthway Philippines, one of the most trusted clinic brands in the country, has seven mall-based multi-specialty clinics and 40 corporate clinics.



Generika continues delivering on its promise to provide greater access to quality healthcare to Filipinos, resulting to 85 percent savings versus branded counterparts.

On hospitals, AC Health continues to look for opportunities in general hospitals to complete the continuum of care from its retail health network to more specialized tertiary care. It also continues to explore innovative specialty care formats, starting with oncology. AC health announced its plans to build the first dedicated cancer specialty hospital in the country. The stand-alone facility, to be built with an investment of approximately ₱2 billion, is envisioned to be a fully integrated, 100-bed hospital located within Metro Manila. Its goal is to provide comprehensive high-quality cancer care services, but at more affordable prices.

On the health technology space, AC Health believes in investing in health technology solutions that enable synergies across its portfolio. In 2019, it launched FamilyDOC@Work within the Ayala group, relaunched the AIDE app with new features, and invested into Fibronostics, an algorithm-based diagnostics company.

In 2020, AC Health's priority is to remain responsive to local healthcare needs in light of COVID-19 by extending frontline care through its Generika drugstores, Healthway and FamilyDOC clinics, and our online platforms. In the pharma space, AC Health's priority is to ensure a continuous supply of medicines and personal protective equipment to fulfill the needs of its medical professionals and customers. This year, priorities for the clinic network will also be on maintaining operations for non-COVID-19 patients, and for triaging of suspected cases, while also focusing on integration of patient referrals and back-end operations. On health technology, the focus will be on continuing to promote telemedicine as an alternative access point for healthcare services, and creating an integrated digital health platform connecting online services and physical stores. Overall, AC Health continues to be driven by its vision of providing affordable, accessible, quality healthcare, which, amidst the challenges posed by the COVID-19 pandemic, has become increasingly relevant to Filipinos.

MARKET OUTLOOK	CAPITALS	STRATEGY
Locally, the year 2019 continued to be an eventful period for the Philippine healthcare industry, as the Implementing Rules and Regulations (IRR) for newly enacted healthcare bills were developed and signed. These include the IRR for the National Integrated Cancer Control Act (RA 11215) signed August 2019, and the IRR for the Universal Health Care Act (RA 11223), signed last October 2019. Both continue to provide further guidance on increasing cancer care and primary care coverage, for all Filipinos, respectively. By December 2019, however, the news of the first case of COVID-19 in Wuhan, Hubei, China had broken out, eventually disrupting the healthcare industry globally. At that time, little had been known about this pneumonia-causing virus. It was later learned to be a new strain of the Coronavirus family (SARS-COV-2), where infection was originally via zoonotic (animal) transmission and eventually became transmissible by respiratory droplets among humans. By March 2020, the outbreak of COVID-19 cases had been declared a global pandemic with a growing number of countries with local transmission, including the Philippines. On March 12, 2020, President Rodrigo Duterte raised the country’s Code Alert System to Code Red Sublevel 2 and declared Metro Manila under community quarantine, in an effort to control the situation. In response to the disease outbreak, the general public’s demand for more preventive medicines and supplies has increased; however, visits to clinics decreased due to compliance with social distancing measures and increased concern over being exposed to the virus. In addition, healthcare industry players must contend with supply chain issues brought about by an increase in demand and a shortage of medicines and supplies due to disruption in global supply chains. The outlook remains cautious and a general slowing in the overall growth of the industry, locally and globally, is anticipated as an impact of COVID-19 containment measures and supply and human resource issues. Importantly, it will be critical to ensure the safety and well-being of healthcare medical professionals who are at the frontline of this pandemic. As cases are expected to increase in number, and with the situation persisting through the first half of 2020, AC Health is committed to ensuring its clinics and drugstores continue to operate and provide much needed healthcare services to Filipinos.	Financial Strategic capital allocation from the parent company, Ayala, to support its expansion plan and 2025 vision Manufactured Continued recalibration and expansion with its network of Generika 804 drugstores nationwide, and growth of FamilyDOC to 74 clinics, by end 2019 Intellectual Various intellectual capitals grouped in three categories: 1. Products and services: Certificates of Product Registration for medicines, and medical service and training protocols 2. Brands: AC Health, FamilyDOC, Generika, IE Medica, MedEthix, and Healthway 3. Technology and analytics: ePharmacy (MedGrocer), Electronic Medical Record and clinic information system (VigosEMR), corporate health management platform (Vigos Care), home health platform (AIDE), and algorithm-based diagnostics (Fibronostics) Human Pool of medical, non-medical, and health IT professionals, which includes 24 employees from AC Health, 996 employees from Generika, 786 employees from FamilyDOC, 60 employees from MedGrocer, and 50 employees from AIDE as of end 2019 Social and relationship Affiliation with Ayala brand, franchisees, business partners, and external partners, which include the government and regulatory agencies (i.e. the Department of Health and the Food and Drugs Administration), healthcare professional organizations, and the academe	Establish leadership in the pharma space • Expand retail pharmacy network to over 1,000 stores nationwide • Strengthen medicine supply chain, and expand medicine portfolio Be the largest integrated clinic network in the country • AC Health clinic network includes multiple formats and patient touch points: FamilyDOC for primary care and Healthway for multi-specialty and corporate clinics Invest in health technology solutions that enable synergies across AC Health Invest in healthcare technology solutions to improve efficiency, integration, and reach • Build portfolio of in-house health technology solutions • Invest in high potential health technology Build the AC Health Portfolio Build a healthcare ecosystem across the continuum of care

HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Asset performance AC Health aims to continue growing, expanding, and integrating, its network of drugstores and clinics with Generika, FamilyDOC, and Healthway. It is also developing its own health technology solutions through its technology arm, Vigos. Vigos has developed digital solutions, such as an Electronic Medical Record and clinic information system (Vigos EMR), and a corporate health management platform (Vigos Care). Vigos also invests in start-up tech companies including MedGrocer, a medicine benefits management company, AIDE, a home-health platform, and Fibronostics, an algorithm-based diagnostics company. AC Health is also investing in hospitals and the specialty care space, starting with oncology. Portoflio building and busineses development AC Health’s vision is to build and integrated healthcare ecosystem of services across the entire continuum of care for all Filipinos. Synergies AC Health drives synergies within its portfolio and across the Ayala group, to improve efficiency and ensure integration. Priorities: Invest in key pillars such as – pharma, clinics, hospitals, and specialty centers, all anchored in a strong health technology platform, for a fully integrated healthcare network.	• Over 900 stores by end 2019 • Expand Actimed and Nutrawell house brand medicine lines • Invest in strong regional retail pharmacy players • Total of 80 clinics • Explore new clinic formats in Metro Manila • Launch Vigos products at Ayala Group • Expand portfolio of health technology solutions • Expand pharmacy portfolio • Invest in hospitals and specialty care	Establish leadership in the pharma space • Increased equity stake in Generika Drugstore to 52.5 percent • Ended 2019 with a total of 804 Generika drugstores • Invested in IE Medica, a leading importer of medicines, and MedEthix, its affiliated distribution company Be the largest integrated clinic network in the country • FamilyDOC opened 20 new clinics, to end 2019 with a total of 74 clinics, including its biggest clinic in Earnshaw, Sampaloc, Manila • Acquired 100 percent of Healthway Philippines, one of the most trusted clinic brands in the country, with seven mall-based clinics and 40 corporate clinics Invest in health technology solutions that enable synergies across AC Health • Launched FamilyDOC@ Work within the Ayala Group • Relaunched AIDE app with new features • Invested in Fibronostics, an algorithm-based diagnostics company Build the AC Health Portfolio • Signed JV agreement with cancer hospital operating partner • Continued to explore other opportunistic investments in hospitals and financing	• Secure supply of medicines and personal protective equipment to fill the needs of medical professionals and customers • Maintain operations for non-COVID-19 patients, and for triaging suspected cases • Integrate clinic network including patient referrals, and back-end operations • Continue promoting telemedicine as an alternative access point for healthcare services • Create an integrated digital health platform connecting online services and physical stores • Explore partnership with a hospital network, and other specialty center models	Business partners Through AC Health’s integrated and innovative network, partners can leverage shared resources and collectively make quality healthcare more accessible to more patients. Partners are able to harness benefits from an exchange of key data, people, and technology across the ecosystem. Healthcare industry AC Health promotes a multi-sectoral and collaborative approach in addressing healthcare challenges so that the shared vision of improving everyone’s health will be more attainable. Through its subsidiaries, AC Health provides opportunities for healthcare professionals. Customers and patients Generika Drugstore has been providing greater access to affordable, quality generic medicines, with up to 85 percent savings compared to branded counterparts. IE Medica and MedEthix hold over 400 Certificates of Product Registration, supplying their customers medicines across 18 therapeutic areas. FamilyDOC has served a total of over 498,000+ unique patients as of end-2019. It is also active in advocating primary care and preventive health and wellness. Healthway Medical has consistently been voted as the Most Trusted Brand for multi-specialty clinics. It has over 2 million patients in its database. Meanwhile, MedGrocer was able to serve 8,000 unique patients through its medicine delivery service, and reach over 520,000 employees through its corporate clinic management platform. AIDE was also able to provide quality home healthcare services to 200,000 user profiles through its app.

iPEOPLE

"With the merger of AC Education and iPeople, we have established a group of 7 schools across the nation, with 28 campuses in NCR, Calabarzon, Bicol and Mindanao. Our schools serve approximately 60,000 students and are committed to delivering quality and accessible education to as many as possible."

- Alfredo I. Ayala, COO, iPeople

Besides being known as one of the best engineering schools in the country, Mapua also has a curriculum that promotes environment and sustainable development with courses related to protection and conservation of the environment.

WHO WE ARE

Following the merger between AC Education and iPeople in May 2019, iPeople has become the listed holding company for Ayala's investments in education. The merger brought together seven schools in diverse socio-economic and geographic market segments across the nation, including the National Capital Region, the Calabarzon region, the Bicol region, and Mindanao.

A partnership between the Yuchengco Group of Companies and Ayala, iPeople aims to empower Filipino families by delivering accessible, quality education that enables significantly improved employability for our high school and college graduates. It is iPeople's corporate vision to innovate education and research towards leading-edge outcomes for its students. This will be achieved through proprietary student value-add programs, systematic teacher training, professional management operations, and strong industry partnerships.

As a background, AC Education founded APEC (Affordable Private Education Centers) Schools in 2013 with one school site and 130 students. Since then, it has scaled up to become the largest chain of stand-alone affordable, private high schools, with 23 branches across Mega Manila and approximately 16,000 students. APEC offers Junior High School and Senior High School with an innovative and progressive approach to both learning and employability at an affordable price point.

In 2015, AC Education acquired University of Nueva Caceres, which provides basic and higher education to approximately 8,800 students at its campus in Naga City, Camarines Sur. Founded over 70 years ago, UNC is the oldest university and the largest private university in the Bicol region.

In 2018, AC Education acquired the National Teachers College. Founded over 90 years ago, NTC is the pioneering private institution for teacher education in the country, with approximately 12,700 students.

After the merger of iPeople and AC Education, Ayala's investments in education expanded to include four new institutions namely: Mapua

University, Malayan Colleges Laguna, Malayan Colleges Mindanao and Malayan High School of Science.

Mapua University is one of the country's leading engineering and technical universities and was founded in 1925. It has the distinction of being a world ranked QS-3 star university and is the school with the most CHED (Commission of Higher Education) Centers of Excellence in engineering. Mapua has a population of approximately 13,400 students in senior high school, college, and graduate school with programs covering engineering and architecture, computer and information science, business, arts and sciences, and media studies.

Founded in 2006, Malayan Colleges Laguna is the best board exam performing private higher education institution in the Calabarzon region and was founded in 2006. Offering senior high, undergraduate degrees and masters programs, the school has 6,119 students for SY 2019-2020.

Malayan Colleges Mindanao in Davao City is the youngest member of the Mapua schools, having opened its doors in 2018. Now with 2,460 students, MCM offers undergraduate programs in arts and sciences, business, computer and information science, engineering and architecture, and senior high school.

Malayan High School of Science is a private junior high school focused on preparing its students for STEM programs in college. MHSS is well-known for winning interscholastic science competitions in the country.

MARKET OUTLOOK

The Philippine education industry continues to be highly regulated and fragmented. According to the CHED, in school-year 2017-2018, there were 2,353 higher education institutions in operation serving almost 3 million students. Out of this number, 71 percent is privately owned, serving almost 1.6 million students.

The past year marked three key developments for the sector. Firstly, tertiary education institutions welcomed the second batch of freshmen since 2015. There were no incoming freshmen in school years



National Teachers College now houses a population of more than 12,000 students, with more than 30 percent taking up a degree in education.

2016-17 and 2017-2018 due to the implementation of the K-12 Law, as graduates from Grade 10 entered Grade 11 in senior high school, rather than college. In the current SY 2019-2020, tertiary education institutions have full freshmen and sophomore batches, but incomplete junior and senior batches. The tertiary education institutions will be back to full strength for a complete year beginning 2022.

Secondly, the government allotted ₱16 billion for the Tertiary Education Subsidy to help about 300,000 college students in more than 1,000 private higher education institutions. According to CHED, 91 percent was paid or obligated to 190 state and local universities or colleges. The TES enables students from the lowest socio-economic segments to cover all or part of the costs of going to private colleges or universities.

Thirdly, the government funded a budget of ₱23.93 billion for its Senior High School vouchers, which helps students to cover part of the cost of attending

private high schools. This budget is an increase of ₱5 billion or 28 percent versus the previous year.

BUSINESS REVIEW

Ayala's participation in the education sector has grown from 38,500 students pre-merger, from 38,500 students pre-merger, to more than 59,500 students as of the start of school year 2019-2020. The merger has significantly broadened Ayala's education footprint, both geographically and in terms of socio-economic segments.

On a full year basis, iPeople's schools grew revenues by 19 percent to ₱3.45 billion in 2019 and net income by 30 percent to ₱393 million.

The merger has resulted in several synergies such as 1) faculty and administrators' training in key areas such as blended-learning and outcomes-based education, 2) partnership with one of the top massive open online course providers globally, which enables our students to earn certificates from



Mapua is hailed as the Philippines' premiere school for engineering, generating 374 board topnotchers since 2000.

world-renowned universities, and 3) creation of a "straight to Master's degree" program with a UNC undergraduate degree leading to a Mapua master's degree in engineering, which students can avail of without leaving Bicol.

In 2019, our schools achieved several key milestones:

- APEC Schools continued with their employability programs with positive results. 3,287 high school students successfully graduated in 2019 and 483 of them sought jobs right after. 93 percent of those who looked for work were given job offers, wherein 71 percent accepted, receiving an average monthly wage of ₱16,330.
- UNC embedded micro-credential/industry-recognized certificates in almost all its degree programs, giving graduates an advantage in the job market.
- NTC's freshmen enrollment surged in SY 2018-19 with 3,777 enrollees, 51 percent higher than SY 2018-2019 and 94 percent up versus

SY 2015-2016, the last year before the K-12 implementation.

- Mapua University's civil engineering program was recognized by UK's Institution of Civil Engineers. Mapua graduates now do not need to apply for an academic assessment to gain a UK professional qualification.
- Malayan Colleges Laguna was given Autonomous Status by CHED. It is the youngest higher education institution to achieve such distinction at just 12 years of operation.
- Malayan Colleges Mindanao implemented blended learning in its senior high school division and its college general education programs.
- Malayan High School of Science laid the groundwork to launch its Mapua-designed coding curriculum in the coming school year.

In 2020, iPeople will continue to expand its reach and impact, through organic growth, partnerships, and mergers and acquisitions.

MARKET OUTLOOK	CAPITALS	STRATEGY
The Philippine education industry continues to be highly regulated and fragmented. According to the CHED, in school-year 2017-2018, there were 2,353 higher education institutions in operation serving almost 3 million students. Out of this number, 71 percent is privately owned, serving almost 1.6 million students.	Financial Capital from Ayala, the Yuchengco Group of Companies, and its other partners, to support increase in capacity, transform facilities, integrate technology, and strengthen human capital.	Enrollment and access Increase student population through strong academic and employment outcomes and student assistance and engagement programs
The past year marked three key developments for the sector. Firstly, tertiary education institutions welcomed the second batch of freshmen since 2015. There were no incoming freshmen in school years 2016-17 and 2017-2018 due to the implementation of the K-12 Law, as graduates from Grade 10 entered Grade 11 in senior high school, rather than college. In the current SY 2019-2020, tertiary education institutions have full freshmen and sophomore batches, but incomplete junior and senior batches. The tertiary education institutions will be back to full strength for a complete year beginning 2022.	Manufactured Facilities, technologies and classrooms that are aligned with the vision of providing quality and accessible education. APEC: 23 sites across Mega Manila UNC: one campus in Naga City, Camarines Sur NTC: One campus in Manila Mapua University: One campus in Manila and another in Makati Malayan Colleges Laguna: One campus in Laguna Malayan Colleges Mindanao: One campus in Davao City Malayan High School of Science: One campus in Manila	Quality education Improve learning outcomes as measured by: • Performance in standard diagnostic, entrance, and licensure exams • Employability • External quality assurance
Secondly, the government allotted ₱16 billion for the Tertiary Education Subsidy to help about 300,000 college students in more than 1,000 private higher education institutions. According to CHED, 91 percent was paid or obligated to 190 state and local universities or colleges. The TES enables students from the lowest socio-economic segments to cover all or part of the costs of going to private colleges or universities.	Intellectual Curriculum that is progressive, constructivist, learner-centered, collaborative, outcomes-based, integrated with technology, with strong emphasis on English mastery and employability; tertiary schools have curricula with focus on applied research	Synergy Leverage the schools’ complementary strengths and major shareholders to improve student value proposition and efficiency
Thirdly, the government funded a budget of ₱23.93 billion for its Senior High School vouchers, which helps students to cover part of the cost of attending private high schools. This budget is an increase of ₱5 billion or 28 percent versus the previous year.	Human Faculty and staff who are competent, nurturing, forward-thinking, constantly learning, engaged, and motivated	
	Social and relationship Strengthened relationships and reputation with students, alumni and their families, partner schools, employees, neighboring communities, private school associations, regulators, accreditors and other stakeholders, such as industry partners	

HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Marketing, sales and expansion Increase student population by: • Delivering quality outcomes: board and college entrance examination scores, graduate speed of hire and starting salaries, compelling careers, academic and leadership awards, efficacy in English and Math, industry aligned skills and values • Improving student retention through remediation programs, student financial aid (scholarships, loans and work-study programs) and engagement • Leveraging strong brands in Mega Manila, Bicol and Davao • Improved sales and marketing programs and tools (e.g. digital marketing)	Continued growth in enrollment All Institutions: Maintain/improve employability results (speed to employment and starting salaries) NTC: determine baseline employability scores + implement student value adds • APEC: Continuous improvement in English and Math scores; higher passing rate in selective schools	Enrollment and access • Over 59,300 students group-wide for SY 19/20, vs approximately 38,000 in SY 18/19 for AC Education prior to merger • Approximately 24,000 scholars and government voucher/subsidy beneficiaries (41 percent of students) Quality education • Overall board passing rate of 68 percent across all schools, significantly better vs. comparable weighed national average of 48 percent • APEC: 48 percent passing rate in selective schools namely PUP, FEU Tech, PLM, DLSU, UP and Ateneo • 73 percent of graduates from iPeople schools within mega Manila received a job offer, within 120 days of graduation • Malayan Colleges Laguna (MCL) was awarded Autonomous status in by the Commission on Higher Education (CHED); MCL is the youngest university to achieve this distinction	Enrollment and access • Continue improvement in re-enrollment rate and new student recruitment • Increase enrollment in Mapua schools’ online programs • Increase scholarship, financing and work-study partners to improve access to education. Quality education • Further improve track record in surpassing national overall board passing rates • Improve employability rate and starting average salary • Lay the groundwork to achieve higher accreditation for our higher education institutions, where appropriate Synergy • Cross-upskilling for both educational and operational teams • Group-wide implementation of digital content and tools • Started the UNC Bachelor’s to Mapua Masters program	Students and parents Because of the merger, the company caters to multiple markets from the low and middle income (of the former AC Education schools) to the middle to upper income of the Mapua/Malayan schools. Students are given the opportunity to access quality private education with good linkages to potential employment. Teachers and employees Continuous learning and development are fundamental programs given to teachers and employees through coaching, mentoring, and technical training including continuing professional development, as well as opportunities to pursue graduate studies Companies Enables various organizations to tap a rich pool of human capital talent who are skilled, trained, and with job-ready habits and values Contribution to SDG 4 on education Because of the merger, iPeople now has directly contributed to providing accessible and quality secondary and tertiary education to almost 48,000 students (excluding postgraduate and primary students).
Content and curriculum development Brand promise: aligned curriculum that is progressive, learner-centered, outcomes-based, integrated with technology and aligned with both regulatory and industry requirements Integrates Experiential Education for Employment (E3) Model				
Career placement services Forging meaningful employer partnerships, including employer inputs into curriculum, internships and immersions Intensive engagement: career education through career portal & social media, job fairs, career talks and job immersion, coaching on interview and college application, employment monitoring				
Talent development Faculty retooling aligned with new curriculum and upskilling of faculty to improve their academic qualifications(e.g. masters and doctorate degrees) Continuing Leadership Development Program as well as differentiated, needs-based employee training, extensive pre-service training, coaching and mentoring Leveraging Ayala group learning and development: innovation, risk management, sustainability, disaster risk management				

AC VENTURES

"In 2019, we focused our efforts on helping develop our tech businesses. We have pushed our e-commerce and fintech ventures to optimize operations and manage costs. We also geared up for our next investment push with the setup of the ACTIVE fund and our significant foray into the high-potential economy of Myanmar."

- Jose Teodoro K. Limcaoco, President and CEO, AC Ventures

ZALORA CLICK ► CONNECT



Zalora Pop-up Stores like the one at Greenbelt 3 in Makati have special offers that range from unique collections from partner brands, in-store only discounts, as well as Click and Connect service that enables patrons to pick-up purchases made online.

WHO WE ARE

The world has continued to experience tremendous digital transformation, opening up new business opportunities to provide better products and services that would be simpler and more accessible to a broader consumer market. Digitalization and interconnectivity have integrated man and machine, the physical and the virtual, boosting capabilities and efficiencies and disrupting the way industry incumbents are doing things. Big data, artificial intelligence, machine learning, edge computing, and Internet-of-Things are some of the technology trends that could disrupt existing industries, some of which Ayala has presence in already. AC Ventures aims to lay the foundation for Ayala amid the fast pace at which disruptive changes are taking place. It is Ayala's platform for peeking into new technologies and business models that are relevant to Ayala.

AC Ventures brings together Ayala's various strategic investments. It aims to be an enabler by investing in adjacent businesses that are complementary to Ayala's existing business units and a pathfinder by investing in new sectors, emerging trends, and innovative businesses. Through AC Ventures, Ayala intends to embrace disruptive technologies and business models as it endeavors to grow its existing businesses and explore new business verticals. In 2019, AC Ventures together with various Ayala group business units, set up a US\$195 million fund called Ayala Corporation Technology Innovation Venture Fund or ACTIVE Fund. The fund is advised by Globe's corporate venture capital firm, Kickstart Ventures.

AC Ventures holds a 43.9 percent stake in Zalora Philippines, the largest fashion and lifestyle ecommerce platform in the country as well as a 7.6 percent stake in Mynt, a fintech venture with Globe and Ant Financial of the Alibaba Group that operates the fast-rising digital wallet GCash. In 2019, AC Ventures in partnership with BPI and the Indivara Group of Indonesia invested in fintech platform Cartera Exchange.

Further, AC Ventures oversees Ayala's offshore investments through AG Holdings. Over the past several years, AG Holdings has served as Ayala's vehicle for its investments in the US and Asia as well as its interests in private equity and real estate

funds, property co-investments, and technology business ventures. In 2019, Ayala made its first significant foray into Myanmar through AG Holdings, investing US\$237.5 million for a 20 percent stake in diversified conglomerate Yoma group.

MARKET OUTLOOK

The ASEAN region holds tremendous potential in reaping the benefits of this digital shift, with a young and tech-savvy population boosted by improving economic fundamentals. According to a 2019 study by Google and Singapore sovereign fund Temasek, the ASEAN Internet economy has attained US\$100 billion of gross merchandise value in 2019, a more than three-fold increase over only four years. Additionally, it is projected to reach US\$300 billion by 2025 at the current run rate. This trend is driven by 360 million Southeast Asians who use the internet, 90 percent of whom access via their mobile phones. Indonesia and Vietnam had the highest growth, increasing their internet economies four-fold since 2015. These were followed by the Philippines, Thailand, Malaysia, and Singapore. The main use cases driving the digital economy are e-commerce, ride-hailing, online travel, and online media, spaces where AC Ventures holds interest in.

The same study cites that the internet economy in the Philippines has a lot of upside potential among the six largest ASEAN economies. It is expected to grow to US\$25 billion by 2025. The country continues to have the second largest internet user base of 68 million users in Southeast Asia. However, challenges such as the speed and affordability of internet access and the insufficient adoption of digital payment solutions continue to persist. AC Ventures' fintech investments in Mynt and Cartera aim to address the adoption gap and push for increased financial inclusion in the country.

Lastly, Myanmar has moved to liberalize its economy and catch up with its ASEAN counterparts. Myanmar's underpenetrated market is the second fastest growing in the region, with GDP growth of over six percent over the last three years. With its unique geographic location between India and to the west China to the north, Myanmar incentivizes the construction of multiple infrastructure projects and Special Economic Zones. Its government's

broad liberalization initiatives have also opened several key sectors to foreign investments, with real estate alone acquiring over US\$4 billion in foreign investments since 2012 when Myanmar transitioned to a democratic rule. Ayala's investment in the Yoma group is a testament to its confidence in the country's economic progress.

BUSINESS REVIEW

AG Holdings

In Asia, AG Holdings has committed a total of US\$30.0 million in varied funds that would serve as windows to disruptive technologies, evolving trends, and new markets. These include AG Holdings' investments in Alibaba's New Retail Strategic Opportunities Fund, which invests in traditional brick-and-mortar retail businesses in China; Arbor Ventures Funds I and II, global fintech-focused venture capital funds; Ikhlas Capital, which focuses on investments in sectors that are expected to benefit from ASEAN megatrends such as consumer, financial services, transportation and logistics; Indies Pelago, a private equity fund investing in mid-to late-stage pre-IPO tech companies in Southeast Asia; and Maloekoe, which invests in early-stage, high-growth companies in Indonesia and Southeast Asia.

AG Holdings also continues to hold its investments in various private equity and venture capital funds, the largest of which is with ARCH Capital, a real estate-focused fund with projects in Hong Kong, Macau, China, Taiwan, Australia, Thailand, Vietnam, and the Philippines. In 2019, AG Holding's investment in the ARCH Funds realized valuation gains of US\$8.7 million and received US\$4.4 million in distributions. ARCH Funds I and II are in the late stage of the funds' life and are currently in the process of exiting its remaining investments in Macau and China, while ARCH Funds III and IV are in the value creation stage for capital deployed.

Zalora Philippines

In 2019, Zalora Philippines continued its growth momentum as net merchandise value (NMV) grew over 55 percent year-on-year. Zalora registered its highest NMV level to date on its 11.11 sale event in November 2019. This achievement is anchored on

Zalora Philippines' expansion initiatives, particularly in its product assortment with new key brands listed locally and cross-listed from the regional warehouse in Malaysia. During the year, Zalora Philippines through AC Infrastructure, started construction of a new state-of-the-art e-fulfillment center. The new facility is set to double Zalora Philippines' productivity with investments in automation and latest technologies.

Zalora Philippines also further built on its omnichannel strategy, complementing its online shopping platform with physical Zalora Pop-up Stores and Click+Connect Kiosks in Ayala Malls. Zalora Pop-up Stores elevated the customer's shopping experience with in-store features such as the virtual fitting room, customization booths, and weekly fitness classes with partner gyms.

Mynt

In 2019, Mynt continued to gain ground in embedding fintech in daily life, leveraging on the smartphone savvy and technology-enabled lifestyle of the Filipino. Last year, Mynt's GCash app surpassed competition in the Philippine mobile wallet space, recording a 2.5x year-on-year growth in monthly transacting users. This increasing adoption was boosted by the broadening of the GCash ecosystem, with 75,000 accepting merchants and 30,000 cash-in agents by year-end, enabling transaction growth to cash-in, buy load, transfer cash, pay monthly bills, borrow money, buy insurance, and invest in funds. Mynt also launched new use cases such as GSave, a mobile money savings feature earning high interest rates enabled by CIMB Bank, and GCash Forest, which engaged users to help fund tree planting efforts in the Ipo watershed in Norzagaray, Bulacan. Moving forward, Mynt aims to solidify its position as the e-wallet provider of choice, with a strong, secure system, a wider partner network, and use cases that resolve pain points or expedite the flow of finance in the life of the Filipino.

Cartera

In July 2019, AC Ventures invested in a 25.5 percent stake in Cartera, another fintech venture in partnership with BPI and the Indivara Group,



ZALORA now has five pop-up stores in the Philippines.

one of the largest technology investment holding companies in Indonesia. Cartera aims to provide a digital payment and loyalty exchange platform which integrates various payment systems, including e-wallets, credit cards, and banks. The Cartera platform will have the capability to allow for interoperability between different payment ecosystems, which would promote a more extensive adoption of digital payments in the country.

ACTIVE Fund

AC Ventures committed to invest US\$100 million out of the US\$195 million towards ACTIVE Fund, a venture capital fund to be formed by the Ayala group. The fund is a technology-focused fund to be formed in partnership with Kickstart Ventures. ACTIVE Fund will invest globally in the areas of data and analytics, machine learning, artificial intelligence, cloud computing, fintech, automation, real estate, retail, transport, energy, water, and health and wellness. Through the ACTIVE Fund, the Ayala group hopes to build on an ecosystem that can provide visibility into these emerging trends and gear up its businesses for the future.

Yoma Group

In November 2019, AG Holdings, through its subsidiary VIP Infrastructure Holdings Inc., invested in Myanmar-based Yoma group through the acquisition of a 20 percent stake in Yoma Strategic Holdings and another 20 percent stake in First Myanmar Investment for US\$237.5 million.

Founded by Serge Pun in 1962, the Yoma group has over 30 different subsidiaries with operations primarily in Myanmar and has listed companies in the Singapore and Myanmar stock exchanges. The transaction supports Ayala's strategy to pursue international expansion opportunistically, particularly in markets and sectors where it can bring its strengths and expertise. Myanmar is an underpenetrated frontier market with a promising economic growth story, supported by its government's broad liberalization initiatives. As a diversified conglomerate in Myanmar with overlapping interests in real estate, power, financial services, automotive, and healthcare, the Yoma group will serve as Ayala's platform for strategic investments in Myanmar.

MARKET OUTLOOK	CAPITALS	STRATEGY
The ASEAN region holds tremendous potential in reaping the benefits of this digital shift, with a young and tech-savvy population boosted by improving economic fundamentals. According to a 2019 study by Google and Singapore sovereign fund Temasek, the ASEAN Internet economy has attained US\$100 billion of gross merchandise value in 2019, a more than three-fold increase over only four years. Additionally, it is projected to reach US\$300 billion by 2025 at the current run rate. This trend is driven by 360 million Southeast Asians who use the internet, 90 percent of whom access via their mobile phones. Indonesia and Vietnam had the highest growth, increasing their internet economies four-fold since 2015. These were followed by the Philippines, Thailand, Malaysia, and Singapore. The main use cases driving the digital economy are e-commerce, ride-hailing, online travel, and online media, spaces where AC Ventures holds interest in.	Financial Capital Capital / investments Manufactured Logistics infrastructure Real estate development Payments systems Industrial facilities Intellectual Proprietary software systems Brand Innovative mindset Tech-grounded business models Human Zalora: 303 employees Mynt: 774 employees	Enable new opportunities for the Ayala Group Invest in adjacent businesses complementary to the Ayala group Gear up tech businesses for scale and profitability Support tech investees (e.g., Zalora, Mynt, Cartera) to attain sustainable, profitable growth Strengthen AG Holdings’ offshore investments Manage offshore investments to maximize gains for Ayala
The same study cites that the internet economy in the Philippines has a lot of upside potential among the six largest ASEAN economies. It is expected to grow to US\$25 billion by 2025. The country continues to have the second largest internet user base of 68 million users in Southeast Asia. However, challenges such as the speed and affordability of internet access and the insufficient adoption of digital payment solutions continue to persist. AC Ventures’ fintech investments in Mynt and Cartera aim to address the adoption gap and push for increased financial inclusion in the country.	Social and relationship Affiliation with Ayala brand Loyal active customer base Partnership with retailers, agents, and suppliers Investor and other professional networks	
Lastly, Myanmar has moved to liberalize its economy and catch up with its ASEAN counterparts. Myanmar’s underpenetrated market is the second fastest growing in the region, with GDP growth of over six percent over the last three years. With its unique geographic location between India and to the west China to the north, Myanmar incentivizes the construction of multiple infrastructure projects and Special Economic Zones. Its government’s broad liberalization initiatives have also opened several key sectors to foreign investments, with real estate alone acquiring over US\$4 billion in foreign investment since 2012 when Myanmar transitioned to a democratic rule. Ayala’s investment in the Yoma group is a testament to its confidence in the country’s economic progress.		

HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Pathfinder Explore new disruptive trends, businesses and relationships	Continue to look out for disruptive trends, explore new investment opportunities globally, and forge new strategic relationships	Jumpstarted the process to setup the ACTIVE Fund; Gained exposure in Myanmar’s emerging economy thru the Yoma investment	Launch and deploy first investments from the ACTIVE Fund; Engage with Yoma group to realize synergies and identify co-investment opportunities	Develop synergies within the Ayala Group
Enabler Enable adjacencies and synergies that complement the strategies of current businesses	Strengthen existing relationships with partners and continue looking for pockets of opportunities within the real estate sector	Attained positive margin after direct cost for Zalora; significantly grew active user base for Mynt; Entered joint venture with BPI and Indivara	Launch the Cartera platform; attain budget and operational ambitions for Zalora, Mynt	Grow Ayala’s portfolio of businesses and enter into new ventures, technologies and sectors
		Existing investments generated value and returns	Strengthen existing relationships with partners and remain open for pockets of opportunity within the real estate sector	Explore innovative trends and business models that could transform the Ayala Group’s various businesses

AYALA FOUNDATION

"In 2019, "1-Pinoy, 1-Pinas" was our battlecry as we advocated greater unity in loving and serving our country. Ayala Foundation was on the front line of volunteering activities, while also bringing programs into the mainstream, for the good of our conglomerate, communities, and country."

- Ruel T. Maranan, President, Ayala Foundation

The Center of Excellence in Public Elementary Education provides holistic education for children from economically disadvantaged families by honing their skills inside and outside the classroom.

WHO WE ARE

Ayala Foundation is the social development arm of the Ayala group. Operating under the principles of community development, Ayala Foundation implements programs guided by inclusion through its social development initiatives and by inspiration through its work in the field of arts and culture.

Its headquarters are located in Makati City, with regional offices in Cebu City and Cagayan de Oro City. In 2019, its programs and special projects were brought to all 17 geographic regions in the country, with program beneficiaries present in other parts of the country and the world.

Founded in 1961, Ayala Foundation acts as a catalyst for inclusion in bridging business needs and community aspirations. By serving as an advocate for community development, it helps improve lives by creating and providing opportunities for growth and progress.

The foundation measures its impact and tracks the outcomes of its initiatives by using the Social Return on Investment framework. Through the SROI framework, Ayala Foundation measures non- or extra-financial value, covering such items as social or environmental impact, among others. While using the SROI methodology primarily assigns a financial proxy to each type of impact, it also allows for the inclusion of non-monetized, qualitative, and narrative information.

Ayala Foundation adheres to the highest standards of transparency and accountability. It is certified by the Philippine Council for NGO Certification, a self-regulating body which certifies not-for-profit organizations that meet established minimum criteria for financial management and accountability in serving underprivileged Filipinos. Ayala Foundation is also accredited by the Department of Social Welfare and Development and has secured from the Bureau of Internal Revenue a certificate of tax exemption for grants and donations. The foundation is an active member of civil society organizations such as the Association of Foundations, the League of Corporate Foundations, and the Asian Venture Philanthropy Network.

Ayala Foundation continues to drive social value in its operations as it secured in 2019 a Social Value Certificate from Social Value International, a global network that focuses on social impact and social value. This means that the foundation is committed to implementing "systems and processes that are consistent with the Social Value Principles." This makes Ayala Foundation the first organization in the Philippines and the rest of Asia to secure the certificate.

MARKET OUTLOOK

Founded as Filipinas Foundation in 1961, Ayala Foundation was among the first corporate foundations in the country. Today, corporate foundations are numerous, and work hand-in-hand with businesses to undertake community outreach and other corporate social responsibility activities.

The civil society sector in the Philippines has frequently been cited as one of the most well-developed and institutionalized in the world. CSOs are cited for their role in championing improvements in the delivery of social services, as well as advocating greater social and economic participation among the poor and underserved.

Based on reports, there is a combined total of 208,963 CSOs registered with various agencies such as the Securities and Exchange Commission and the Cooperative Development Authority, among others.

While the not-for-profit sector in the Philippines remains one of the most robust in Asia, the sector has also been facing challenges. A 2018 study conducted by the Caucus of Development NGO Networks noted that while the general sustainability of CSOs in the country is virtually unchanged, a decline has been noted on the following factors—legal environment, advocacy, and public image. Philippine CSOs remained stable in terms of organizational capacity, financial viability, service provision, and sectoral infrastructure.

BUSINESS REVIEW

"1-Pinoy, 1-Pinas" served as a battlecry for Ayala Foundation in 2019, expressing its commitment to make an impact in the lives of Filipinos.



As part of its holistic development approach, performing arts is one of the extracurricular areas outside the classroom that CENTEX encourages amongst its pupils.

Ayala Foundation became the first organization in the Asia Pacific region to secure a Social Value International, which advocates a multi-faceted accounting of social value beyond the financial bottom line.

The two-year certification was a result of its work in social return on investment. As an impact assessment framework, SROI measures and accounts for social values created by projects and activities. Social value is used to describe the social, economic, and environmental gains of projects.

As a pilot initiative, Ayala Foundation in partnership with Ayala Land measured the SROI of Project Lio 2.0, a community development engagement in El Nido, Palawan. The integrated interventions in El Nido, which covered education, livelihood and employment, and other initiatives, generated an SROI of ₱1:₱26, which means every one-peso investment has a 26-fold return in social value.

Farmers participating in the Calauan Program increased to 35. Ayala Foundation continued to facilitate their organizational needs as a registered

cooperative. Aside from running an ornamental farm, the farmers now also grow organic vegetables. Each farmer earns an average monthly income of ₱7,700, a slight increase from 2018's ₱6,979 per farmer.

Internationally acclaimed ballet star Stella Abrera came back to the country to do a second run for her fund-raising performance for the benefit of CENTEX. Held on November 7 and 8, "Stella Abrera & Rising Stars of American Ballet Theatre featuring James Whiteside, Principal Dancer, American Ballet Theatre" raised ₱2.4 million. CENTEX graduate Elwince Magbitang, who performed with Abrera at the fund-raising event, is now part of the American Ballet Theatre Studio Company in New York. Another CENTEX Manila alumnus, Danier Laganzo, received a scholarship from the New Zealand School of Dance for his participation in the Asian Grand Dance Prix in Hong Kong.

Abrera's return saw the inauguration of the Stella Abrera Dance and Music Hall in CENTEX Batangas. The construction of the dance and music hall was the product of the first fund-raising performance in 2018.



Digital technology is an important part of Ayala Foundation's education programs. Initiatives like ProFuturo and <code/it> prepare public school students for a bright, competitive future.

While the Ayala Museum and the Filipinas Heritage Library closed their doors for a major renovation, Ayala Foundation increased its efforts to magnify uniquely Filipino art and culture. Through Ayala Museum On-the-Go, it highlighted some of the most compelling aspects of Filipino identity and history through traveling exhibitions, offsite lectures, and online platforms. Collectively, the different traveling exhibits reached nearly 400,000 guests, higher than the 100,000 plus annual visitorship before the museum closed.

In line with Ayala's 185th anniversary celebration, The Ayala Community for Social Impact supported Ayala-wide volunteerism activities in 2019. Through initiatives like Brigadang Ayala, and by helping put together a volunteerism microsite for the entire group, Ayala Foundation helped generate 345,689 volunteer hours during the year—a resounding contribution to the 185th anniversary's target of 185,000 hours.

On the financial side, Ayala Foundation received public support worth ₱244.9 million. The endowment fund generated earnings of ₱145.2

million. The endowment fund reached a value of ₱2.1 billion at year end. Part of this was used for the renovation of the Ayala Museum.

The Information and Communications Division of Ayala Foundation also launched its first digital program, <code/it>. For its pilot run, the program trained 169 teachers in basic coding, enabling them to teach public school students digital literacy skills. The foundation also signed a memorandum of agreement with the city of Manila to train teachers from 2020 to 2022.

MARKET OUTLOOK	CAPITALS	STRATEGY	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)
Founded as Filipinas Foundation in 1961, Ayala Foundation was among the first corporate foundations in the country. Today, corporate foundations are numerous, and work hand-in-hand with businesses to undertake community outreach and other corporate social responsibility activities.	Financial Ayala Foundation has an adequate endowment fund, building on strong partnerships with private and public donors to sustain flagship projects and new programs and initiatives.	Strengthen alignment with the conglomerate	Education Programs Providing access to high quality education for the poor through teacher training on pedagogy, classroom management, and critical thinking; scholarships; center-based modelling of strategies; and ICT interventions.
The civil society sector in the Philippines has frequently been cited as one of the most well-developed and institutionalized in the world. CSOs are cited for their role in championing improvements in the delivery of social services, as well as advocating greater social and economic participation among the poor and underserved.	Manufactured Ayala Museum and Filipinas Heritage Library offer a variety of art and library collections; permanent, changing, travelling, online exhibitions; and public programs on the rich history and artistic heritage of the nation, cultivating pride in being Filipino.	Focus on stronger community engagement	Arts and Culture Making Philippine history, culture, and art accessible and inspirational through art exhibitions, library and information services, public programs, and increasing brand and advocacy awareness and reach through traveling exhibitions.
At present, there is a combined total of 208,963 CSOs registered with various agencies such as the Securities and Exchange Commission and the Cooperative Development Authority, among others.	Intellectual The foundation possesses expertise in community development, education, community leadership, research and publication, art curation, library and information services, preservation and dissemination of documentary heritage on the Philippines, and impact assessment using social return on investment as a framework.	Make an impact on the country’s development goals and in promoting national pride	Youth Leadership Investing in potential leaders of the country and communities through youth leadership training and supporting community projects.
While the not-for-profit sector in the Philippines remains one of the most robust in Asia, the sector has also been facing challenges. A 2018 study conducted by the Caucus of Development NGO Networks (CODE-NGO) noted that the general sustainability of CSOs in the country is virtually unchanged, a decline has been noted on the following factors—legal environment, advocacy, and public image. Philippine CSOs remained stable in terms of organizational capacity, financial viability, service provision, and sectoral infrastructure.	Human Its pool of committed talents has the capacity to link the shared value created by Ayala business units to the needs of people with less capacity and access to resources.	Improve the efficiency of internal processes and build a strong talent pool	Sustainable Livelihood Organizing community enterprises, and providing access to capacity, capital, technology and market link to low income families.
	Social and Relationship Good relationships and linkages with local government units, local government agencies, non-government organizations, and community groups	Measure impact of initiatives using the social return of investment (SROI) framework	Employee Engagement Providing opportunities for the Ayala group to exercise corporate citizenship and help the foundation’s partner schools and communities through Brigadang Ayala, Macquarie Fun Run and Farmer for a Day.
	Put together local stakeholders to establish partnership around Social Development Goals at the local level.		
	Natural The Calauan property is utilized by farmers to produce ornamental plants for the requirements of MDC Greens, and vegetable to increase income streams		

2019 PRIORITIES	2019 PERFORMANCE	2020 PRIORITIES	THE VALUE WE CREATE FOR OUR STAKEHOLDERS
Continue strong alignment with the Ayala group, particularly Ayala CSI’s footprint in volunteerism and CSR across the group	Coordinated various volunteerism initiatives through the Ayala Community for Social Impact - Generated at least 340,000 volunteer hours through programs like Brigadang Ayala, Macquarie Run, and others - Led the Ayala group’s coordinated response to disaster relief in Pampanga and Davao	Continue strong alignment with the Ayala group, through volunteerism activities within the group as well as disaster relief, recovery, and rehabilitation initiatives	Teachers and Students Ayala Foundation increases the proficiency of our teachers through coaching and mentoring, benefitting 34,600 students in 87 public schools. The foundation equipped schools with ICT facilities to improve learning of 12,730 students from 31 public schools. It also supported 548 scholars. Balanced early childhood care and values formation supported the early childhood formation of 115 economically disadvantaged children.
Further strengthen community reach of key programs in education, community leadership, suitable and sustainable livelihood, and arts and culture	Implemented various partnership projects with other Ayala business units Through the partnership with Ayala Land, generated at least ₱160 million in social value in various social development projects implemented in El Nido communities Strengthened presence of key programs across the country	Further strengthen community reach of key programs in education, community leadership, suitable and sustainable livelihood, and arts and culture	Country Through Ayala Museum and Filipinas Heritage Library, the foundation also helped widen cultural appreciation, both locally and internationally.
Continue conversations on love of country and participation in nation- building through our programs	Strengthened presence of key programs across the country - CENTEX Batangas recognized as a benchmark school the province - Leadership Communities program trained 245 young leaders in five sites - Ayala Museum reached wider audiences through its outreach program Ayala Museum On-the-Go, which was seen by close to 400,000 guests - Brought the Maging Magiting program to all 17 geographic regions in the country, with stronger links with national agencies like the National Historical Commission of the Philippines, Department of Education, and the Philippine National Police, among others	Continue conversations on love of country and participation in nation-building through our programs	Young Leaders It supported the development of young leaders and contributed to their capacity building. These young leaders were able to ideate and implement community-based projects that improve livelihood and support community development
Strengthen Ayala Foundation citizens as advocates of community development, in support of expanded programs	Ayala Museum reached wider audiences through its outreach program Ayala Museum On-the-Go, which was seen by close to 400,000 guests	Strengthen Ayala Foundation citizens as advocates of community development, in support of expanded programs	Communities Livelihood projects implemented across the country helped the communities improve economic productivity and cultural preservation.
Integrate SROI measurement into program planning and implementation, while also introducing it to the Ayala group	Integrated SROI measurement into program planning and implementation, while also introducing it to the Ayala group - Focused on an enterprise-wide risk management program, showing improved risk maturity - Cited for continued commitment to ensuring service excellence and accountability by the Philippine Council for NGO Certification - Implemented a strategic employee engagement program, covering training, continued learning, and other activities - Digitized numerous process to improve efficiency - Secured a level-one certification from Social Value International, - Applied SROI principles in measuring our various program’s impacts	Integrate SROI measurement into program planning and implementation, while also introducing it to the Ayala group”	Employees Employees from across the Ayala group are given opportunities for volunteerism in communities that it serves

OUR CORPORATE GOVERNANCE

GOVERNANCE IN THE AGE OF DIGITALIZATION

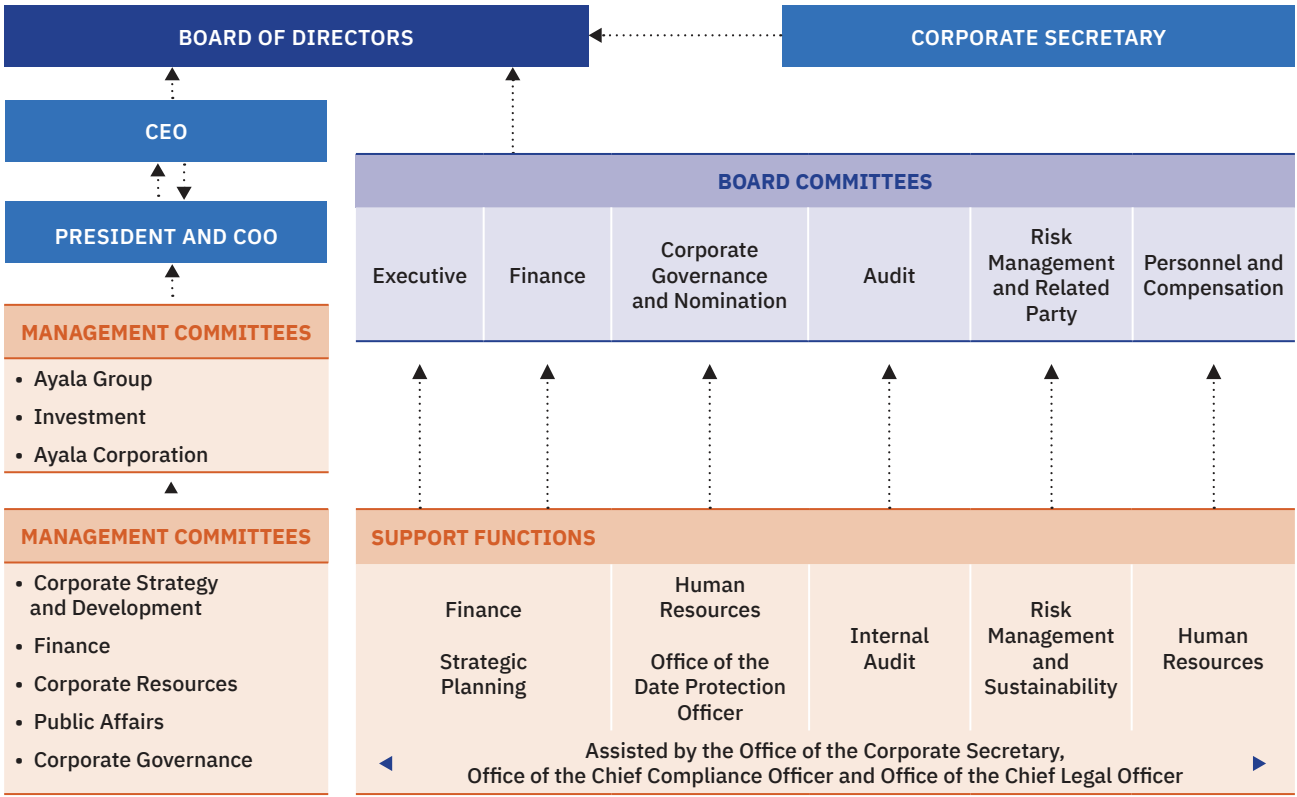
Ayala believes good corporate governance is an important pillar of its operations and is vital to the achievement of its strategic goals, particularly with the increasing focus on digitalization. Ayala is fully committed to upholding the principles of good governance, including transparency, integrity, accountability, fairness and professionalism in all its activities.

The company’s Corporate Governance System takes into consideration the organizational structure as a whole; led by an effective Board and Board Committees; supported by empowered and accountable Management and Management Committees; guided by strong core values across all levels captured in clear Vision-Mission statements; with sound policies and effective risk management process and internal controls system.

Further, the company’s governance system ensures the protection of its shareholders and their right to participate and vote in stockholders’ meeting through the Committee of Inspectors of Proxies and Ballots, a committee created by the board but composed of non-directors. The Committee is tasked with validation of proxies and tabulation of votes for shareholders’ meetings.

Ayala is constantly reviewing, evaluating and improving its governance structures, systems, and procedures, to be able to meet the changing expectations of regulators, investors and other stakeholders. Setting up an effective risk management process and adequate internal controls system while complying with regulatory requirements and international standards allow the company to create a sustainable enterprise for the long term.

KEY COMPONENTS OF AYALA'S GOVERNANCE SYSTEM



Ayala’s corporate governance practices have been consistently recognized in various awards, polls, and publications in the Philippines and in the ASEAN region. *For more details on awards, please refer to page 213-214.*

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Ayala complies with the Code of Corporate Governance for Publicly Listed Companies set forth by the Securities and Exchange Commission (SEC), except for the deviations provided in the table below.

This compliance is supported by an attestation from the company’s Chief Executive Officer, Chief

Compliance Officer, and Chief Audit Executive for the year 2019.

BOARD OF DIRECTORS AND MANAGEMENT Roles and Responsibilities

A culture of good governance is fostered throughout the organization, with the management and the Board equally responsible for ensuring that adequate mechanisms and structures for good governance are in place and working effectively.

Board of Directors

The Board has the responsibility to oversee the affairs of the corporation, act on behalf of the company as a whole and be accountable to all

DEVIATIONS FROM THE CODE	EXPLANATION
Corporate Secretary and Compliance Officer are not different individuals	The combined Corporate Secretary and Chief Compliance Officer is in a better position to the assist the Board in the performance of its functions and to ensure compliance with laws, regulations and good corporate governance practices. The dual role does not retract from the effective performance of either functions, particularly due to the strong team supporting the Corporate Secretary and Compliance Officer.
Non-executive director serving in more than five publicly-listed companies	Mr. Antonio Jose U. Periquet holds more than five directorships in publicly-listed companies. As monitored and assessed by the Office of the Compliance Officer, this has not affected his effectivity as an independent director particularly in terms of time and commitment to the Company. In 2019, Mr. Periquet has a perfect attendance in all board and applicable committee meetings. In these meetings, Ayala benefits from his active participation and valuable insights.
Chairman of the Board and Chief Executive Officer are not different individuals	Mr. Jaime Augusto Zobel de Ayala is the Company’s Chairman of the Board and Chief Executive Officer. Albeit wearing two hats, he is able to compartmentalize, decide and act in the best interest of the Company. Moreover, the company has designated a lead independent director to further ensure the independence of the Board from management.
Executive remuneration not disclosed on an individual basis	The remuneration of the top five highest-paid officers is disclosed. Balance must be struck between full disclosure and the protection and privacy of the individual officers.

shareholders. It is part of the Board’s responsibility to select and appoint senior management, and assess their performance in accordance with the process and criteria set in the Corporate Governance and Nomination Committee Charter.

A more thorough discussion on the board of directors can be found on pages 31-42.

Management

Management is responsible to the Board of Directors for the operations of the company and its performance, and informs the Board in a regular and timely manner about any issues concerning the company’s strategy, risk management, and regulatory compliance.

**Chief Executive Officer and President/
Chief Operating Officer**

The respective roles of the CEO and the President/COO are complementary and ensure a strategic distribution of leadership functions with clearly defined accountabilities:

- The CEO takes the lead on company strategy, visioning, and developing business partnerships.
- The President/COO is responsible for daily operations, new business initiatives, corporate policies, and resource allocation.

In all functions and critical issues, both coordinate closely with each other. The CEO and the President/COO are supported by management committees composed of key executives who meet regularly to discuss business performance and issues critical to the operations and growth of the company, and to facilitate the flow of strategic and operational information among the company’s decision-makers.

Corporate Secretary and Chief Compliance Officer

The company’s Corporate Secretary and Chief Compliance Officer is Atty. Solomon M. Hermosura. He is legally trained, knowledgeable on legal and regulatory requirements and has kept abreast on relevant developments by taking on a part time role in teaching graduating law students, attending executive development programs and participating as a speaker in

various public fora. He has also attended various corporate governance trainings, including Ayala’s Integrated Corporate Governance, Risk Management and Sustainability Summit.

As Corporate Secretary, part of his responsibilities includes assisting the Chairman in preparing the Board meeting agenda, maintaining Board minutes and records, facilitating the training of directors, and providing directors with updates on relevant statutory and regulatory changes. The appointment and removal of the Corporate Secretary is subject to the approval of the Board.

As Chief Compliance Officer, his functions include, among others, identification and management of compliance risks, ensuring the company’s adherence to sound corporate governance best practices, and monitoring, reviewing, evaluating and ensuring compliance by the corporation, its officers and directors with relevant laws, rules and regulations, including the Code of Corporate Governance for Publicly Listed Companies and other governance issuances of regulatory agencies.

Related to these functions, Atty. Hermosura is also the company’s Group Head of Corporate Governance and Chief Legal Officer.

INTERNAL GOVERNANCE MECHANISMS

Accountability and Audit

External Auditors

The Audit Committee has the primary responsibility to recommend the appointment and removal of the external auditor. The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the company’s financial statements and financial reporting process. Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit.

During the Annual Stockholders’ Meeting last April 26, 2019, the shareholders re-appointed Sycip Gorres Velayo and Co. (SGV & Co.) as the company’s external auditor for the year 2019, with Lucy L. Chan as the lead engagement partner.

The Committee met with the external auditors without the presence of the management team to discuss any issues or concern. To ensure that the external auditor maintains the highest level of independence from the company, both in fact and appearance, the Audit Committee approved all audit, audit-related, and permitted non-audit services rendered by the external auditor. Non-audit services expressly prohibited by regulations of the SEC were awarded to other audit firms to ensure that the company’s external auditor carries out its work in an objective manner.

Total fees billed by SGV & Co. for the years ended December 31, 2019 and 2018 amounted to ₱13.17 million and ₱11.04 million, respectively, inclusive of VAT. The Audit Committee reviewed the nature of non-audit services rendered by SGV & Co. and the corresponding fees, and concluded that these are not in conflict with their function as the company’s external auditor. The breakdown of the fees for 2019 and 2018 are shown below:

EXTERNAL AUDITOR FEES	AMOUNT IN MILLIONS OF PESOS	
	2019	2018
Audit and Audit-Related Fees	P13.05	P10.92
Non-Audit Fees	.12	.12
GRAND TOTAL	13.17	11.04

Audit and Audit-Related Fees include the audit of Ayala’s annual financial statements and the mid-year review of financial statements in connection with the statutory and regulatory filings or engagements for the years ended 2019 and 2018. These also include assurance services that are reasonably related to the performance of the audit or review of Ayala’s financial statements pursuant to the regulatory requirements. Non-Audit Fees include special projects / consulting services.

There were no disagreements with the company’s external auditor on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

Internal Auditors

Internal Audit supports the Audit Committee in the effective discharge of its oversight role and responsibility. The Chief Audit Executive, Catherine H. Ang, reports functionally to the Audit Committee of the Board of Directors, and administratively to the President and Chief Operating Officer or his designate. The activities of Internal Audit are governed by a separate Internal Audit Charter approved by the Audit Committee and the Board.

Internal Audit adopts a risk-based audit approach in developing its annual work plan, which is reassessed quarterly to consider emerging risks. The Audit Committee reviews and approves the annual work plan and all deviations therefrom and ensures that internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the company’s governance, operations, and information systems; reliability and integrity of financial and operational information; safeguarding of assets; and compliance with laws, rules, and regulations. The Committee also ensures that audit resources are adequate and reasonably allocated to the areas of highest risk, including the effectiveness of the internal audit function. During the year, the Committee regularly met with the Chief Audit Executive without the presence of management to discuss any issues or concern.

To strengthen corporate governance, Ayala’s Internal Audit adopted portfolio-based subsidiary oversight to standardize the implementation of good practices and ensure that critical issues are monitored and addressed across the Ayala group.

As of 2019, the audit team has an average of 13.4 years audit experience and an average of 4.3 years tenure in the Ayala group. The audit team has the following certifications and professional affiliations: certified public accountants,

certified internal auditors, certified fraud examiner, certified information systems auditor, certified foreign exchange professional, crisis communication planner; certified in ISO 9001, ISO 22301, ISO 27001, IT Infrastructure Library, COBIT 5 (F), and Global Innovation Management Institute Level 1; a member of the Financial Executives of the Philippines; and a Fellow of the Institute of Corporate Directors. All the internal auditors are also members of The Institute of Internal Auditors Philippines and adopt the International Professional Practices Framework promulgated by The Institute of Internal Auditors, Inc.

In November 2019, the Internal Audit Unit engaged an External Quality Assessment Review (EQAR) to be conducted by PricewaterhouseCoopers. As a result, Internal Audit continues to maintain the “Generally Conforms” rating from the 2014 external review. The rating, considered the highest possible score for the EQAR, demonstrates that the Internal Audit’s activities continue to conform to the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated through an independent Quality Assessment Review conducted every five years.

Ayala Group Internal Auditors’ Network (AGIAN) continues to perform activities that

strengthen synergistic collaboration within the group. Regular meetings are held by the AGIAN Council and the four AGIAN Circles to discuss activities that will enable effective teamwork, increase collaboration, sharing of resources, and best practices within the group. In November 2019, in lieu of its annual conference, the Ayala group internal auditors volunteered for Project Kasibulan. A total of 61 internal auditors from across the group volunteered 2,196 hours and planted 1,210 seedlings for a total of 3,406 volunteer hours for the Project 185th Volunteer Program in support of Ayala’s renewed commitment to help improve Filipino lives as the company celebrates its 185th year in business.

Quarterly technical sessions were also held to provide the members with the knowledge, tools and required auditing skills to enable them to perform their responsibilities. Since 2018, AGIAN has partnered with The Institute of Internal Auditors Philippines to accredit the quarterly AGIAN trainings for Continuing Professional Development for renewal of licenses and certifications. This is in addition to the continuing training and development programs, from specific job skills to long-term professional development provided by the respective companies of the group to their employees.



In lieu of its annual conference, AGIAN volunteered for Project Kasibulan.

DISCLOSURE AND TRANSPARENCY

Accurate and Timely Disclosures

Emphasis is given on providing quality, accurate, and timely disclosures to regulators and the investing public, including information on the results of its operations and financial performance. Ayala created procedures for internal reporting to ensure consistency in providing the investing public with prompt disclosures on significant and market sensitive information that may affect their investment decisions. Policies and procedures are also in place to ensure the company’s compliance with disclosure requirements under the listing rules of the SEC, Philippine Stock Exchange (PSE), and Philippine Dealing and Exchange Corporation (PDEX).

Investors, analysts, and media were engaged by Ayala through conducting meetings and quarterly briefings, where the senior management discusses the results of the company’s operations with investment and financial analysts. *More details on management’s discussion and analysis of financial condition and results of operations are available on pages 217-222.*

All relevant disclosures were filed in a timely manner with the SEC, PSE, and PDEX. All the 2019 filings and relevant information were provided ahead of time, details as follows:

- On April 11, 2019, the Annual Report (SEC Form 17-A) together with the consolidated audited financial statements for 2018 were submitted to the SEC, within 120 days after year-end.
- On March 21, 2019, the Notice of the Annual Stockholders’ Meeting with a detailed explanation of the Agenda items was released to the SEC and PSE, 36 days ahead of the scheduled annual meeting on April 26, 2019.
- On March 22, 2019, the audited financial statements as contained in the Definitive Information Statement were submitted to the SEC and PSE, 35 days before the annual stockholders’ meeting.
- Interim or quarterly financial statements and results of operations were submitted to the regulators within 45 days from the end of the financial period.

This information, past annual reports, and this Integrated Report and the consolidated audited financial statements are disseminated to shareholders through the company’s website at www.ayala.com.ph and through media and analysts’ briefings.

Ownership Structure

As of December 31, 2019, Ayala’s outstanding common shares were held as follows:

	OUTSTANDING COMMON SHARES	% OWNERSHIP
Mermac, Inc.	296.6 million	47.33
PCD Nominee Corporation (Non-Filipino)*	165.3 million	26.38
PCD Nominee Corporation (Filipino)*	105.4 million	16.82
Mitsubishi Corporation	37.8 million	6.03
Others	21.6 million	3.44
TOTAL	626.7 million	100

* Out of the 270.7 million common shares registered under the name of PCD Nominee Corporation, 6.2 million or 9.89% are for the account of Deutsche Bank Manila while 4.5 million or 7.2% are for the account of Hongkong Shanghai Banking Corporation

	OUTSTANDING COMMON SHARES	% FOREIGN OWNED
Common Shares	626.7 million	--
Voting Preferred Shares	200.0 million	--
Total Voting Shares	826.7 million	27.38%
Preferred B Shares Series 1 Shares	20.0 million	--
Preferred B Shares Series 2 Shares	30.0 million	--
TOTAL OUTSTANDING SHARES	876.7 million	25.83%

There were no cross or pyramid shareholdings.

2019 Disclosures

In 2019, the company filed, among others, unstructured disclosures and clarifications of news articles involving the following:

1. Attendance of Directors in 2018 Board of Directors Meetings
2. AC Energy's acquisition of 51.48% stake in AC Energy Philippines, Inc. (formerly PHINMA Energy Corporation) ("ACEPH")
3. AC Energy's launching of Maiden Green Bond
4. Asian Development Bank and International Finance Corporation investments in AC Energy Green Bonds
5. AC Education Inc.'s and iPeople, Inc.'s execution of Plan and Articles of Merger
6. AC Energy signing of an investment agreement with PHINMA Corporation and Philippine Investment Management, Inc. to acquire 51.48% stake in ACEPH
7. Notice and Agenda of the 2019 Stockholders' Meeting
8. Philippine Competition Commission's ("PCC's") approval of the sale by AC Energy of 49% Voting Stake and 60% Economic Stake in AA Thermal Inc. to Aboitiz Power Corporation
9. Amendments to the Company's Articles of Incorporation and By-Laws
10. AC Industrial's acquisition of a controlling stake in C-Con Group
11. 2018 Financial and Operating Results
12. Ayala Healthcare's purchase of additional stake in the Generika group of companies
13. Updated Notice and Agenda of the 2019 Stockholders' Meeting
14. PCC's approval of AC Energy's acquisition of ACEPH
15. SEC's approval of the Plan and Articles of Merger by and between AC Education and IPO
16. Results of the Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors
17. AC Energy's completion of the sale of 49% voting stake and 60% economic stake in AA Thermal, Inc. to Aboitiz Power
18. Completion of the Merger of AC Education, Inc. with iPeople, Inc.
19. First Quarter 2019 Financial and Operating Results
20. Re-pricing of the dividend rate of Ayala Corporation's voting preferred shares
21. Ayala Corporation purchases common shares from Mitsubishi Corp
22. 2019 ESOWN Grant
23. PCC's approval of Ayala Healthcare's increase in stake in the Generika companies
24. AC Health's investment in Fibronostics
25. Completion of acquisition of PHINMA Energy by AC Energy
26. Participation of directors and key officers in Ayala Group Integrated Summit and other seminars on corporate governance
27. Issuance of new shares under Employee Stock Option Plan
28. Declaration of Cash Dividends to all outstanding shares
29. AC Energy's partner to take over Kauswagan coal plant
30. Resignation of an Officer
31. First-half 2019 Financial and Operating Results
32. Redemption of 27,000,000 Class B Preferred Shares ("ACPB2")
33. Exercise of the option for redemption of the Class B Preferred Shares, Setting of Record Date, Trading Suspension, and Redemption Guidelines
34. Notice on the Redemption of ACPB2 Shares
35. Updated Corporate Contact Details
36. Transactions of AC Energy with ACEPH
37. AC Energy partners with Yoma Strategic Holdings Ltd.
38. Ayala Corporation's announcement of mandate to banks for US\$ Fixed for Life (Non-Deferrable) Senior Perpetual Notes
39. Ayala Corporation's successful launch of US\$400 million senior unsecured and guaranteed fixed for life perpetual notes
40. Revised RPT Policy
41. Third Quarter 2019 Financial and Operating Results
42. Special Analyst and Investor Briefing Conference Call
43. Ayala Corporation's acquisition of 20% stake in Yoma Strategic Holdings, Inc. and another 20% stake in First Myanmar Investment Public Co. Ltd.
44. AC Energy's announcement of mandate for notes offering
45. AC Energy's successful launch of first ever Perpetual Fixed-for-life Green Bond
46. Results of the offer of new series of Class B Preferred Shares ("APB2R")
47. Setting of 2020 Stockholders' Meeting
48. AC Health's acquisition of Healthway Philippines
49. Ayala Corporation's buying of own issued shares from the market
50. Ayala Corporation's clarification on Share Buyback Program
51. Notices of Analysts' Briefing

Clarification of News Reports

1. Ayala Corporation 2019 capex set at P249.4 billion
2. Ayala Energy plans divestment of oil and gas part of PHINMA acquisition
3. Ayala Corporation on track to post ₱50B profit
4. AC Energy, partner looking at wind-power project in Vietnam
5. Ayala Corporation launches \$150M venture capital fund
6. AC Energy eyes Phinma Energy tender offer in Q2
7. AC Energy, UPC forms renewable energy venture
8. 6 Firms Bid for \$10-B Sangley Airport
9. AC Energy has \$1B war chest for expansion

Structured Reports submitted to SEC, PSE, and PDEX

1. Top 100 Stockholders Report
2. Public Ownership Reports
3. Statement of Changes in Beneficial Ownership of Securities of directors, officers and 10% owners
4. Quarterly Financial Reports
5. Annual Report

Financial and Non-Financial Reports

The Board of Directors has a responsibility to the shareholders to ensure the integrity of the company's consolidated financial statements and non-financial information disclosed in the company's Integrated Report. The financial statements comply with the Philippine Financial Reporting Standards, with significant accounting judgments and estimates also disclosed. Nonfinancial performance was prepared in line with the guiding principles and content elements of the Integrated Reporting framework and referred to the Global Reporting Initiative (GRI) Standards 2016 to report the sustainability performance.

A more comprehensive disclosure on both financial and non-financial performance indicators are thoroughly discussed in the Integrated Report to help shareholders understand the company's various businesses and their impact on the company's overall value creation. *Refer to pages 217-222 and 89-124 for the financial and non-financial performance indicators, respectively.*

Related Party Transactions

In dealing with related party transactions (RPTs), Ayala is governed by its policy to ensure that the transactions are at arm's length, fair, and will inure to the best interest of the company and all its shareholders. The RPTs are transactions involving a transfer of resources, services or obligations between the company and a related party as defined in the policy, regardless of whether a price is charged. As per policy, all SEC defined and company recognized material RPTs shall be reviewed by the Risk Management and Related Party Transactions Committee and approved by the Board before its commencement, except transactions that are explicitly exempted by the SEC and transactions the review of which are delegated to management. SEC defined material RPTs are transactions amounting to ten percent or higher of the Corporation's total assets based on its latest audited financial statements while company recognized material RPTs are transactions that meet the threshold values – P50 million or five percent of the total assets of either party, whichever is lower. These transactions are discussed and quantified in the Notes to the Consolidated Financial Statements under Related Party Transactions, which are made available on the company's website.

There were no RPTs classified as financial assistance to entities other than wholly-owned subsidiaries. There were also no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years.

CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics was established by the Board to guide all directors, officers, and employees in executing their roles and responsibilities. As the overall governing body, the Board ensures that all directors, officers, and employees of the company adhere to the Code.

All the company's directors, officers and employees are expected to avoid situations of conflicts of interest or impropriety and those who have personal or pecuniary interest on any RPT are required to fully disclose the relevant facts of the situation to ensure that potential conflicts of interest are reported and brought to the attention of management, whether actual or apparent. Management is responsible for enforcing and monitoring compliance with the Code and imposing sanctions for violations thereof.

It is the policy of Ayala that all directors, officers, and employees shall conduct business in accordance with Philippine Laws and regulations, including Anti-Money Laundering Law. Employees shall consult with the Corporate Governance Officer and Chief Legal Officer whenever there is any doubt concerning the legality of any matter. Any suspected criminal violations will be reported to the appropriate authorities and non-criminal violations will be investigated and addressed as appropriate.

Anti-Corruption Policy

Ayala is committed to doing its business with the highest ethical standards and has adopted a zero-tolerance policy towards fraud, corruption, bribery in any form, and all unethical practices, and is committed to complying with all relevant laws and standards. The Anti-Corruption Policy embodied in the Code provides guidance to all directors, officers, and employees on how to conduct business in a fair, ethical, and legal manner. It must be strictly observed in all their transactions and dealings with customers, suppliers and business partners of the company as well as with the government.

The company has also set guidelines for dealing with gifts and gratuities to protect the integrity of its employees and its business interests. Seeking undue financial and material advantage from any transaction is strictly prohibited. Any offer or gift of value given to directors, officers, and employees, or their immediate family, with a view to get favors or to influence business recommendations are immediately reported to the appropriate reporting level. Directors, officers, and employees are likewise instructed not to accept gifts or invitations of any form, except when it meets the criteria set by the company. The policy also applies even if the offer or bribe is made through another person.

INSIDER TRADING POLICY

To protect shareholders, Ayala defined a policy against insider trading of company securities and non-disclosure of material non-public information to any person until the information is disseminated to the public and two full trading days had lapsed from the disclosure thereof. The Policy ensures compliance with disclosure rules and prevention of the unlawful practice of using confidential information to one's own benefit.

Trading Blackout

The Policy prohibits trading in Ayala's shares by all company directors, officers, consultants, and employees, including their immediate family members living in the same household, who may have knowledge of material non-public information about the company during trading blackout periods. They are also required to submit annually a certification of compliance with the prohibition against trading.

For structured disclosures, the blackout period commences from five trading days before and ends two trading days after the disclosure of quarterly and annual financial results. For non-structured disclosures, blackout period is two trading days after the disclosure of any material information other than quarterly and financial results.

During the year, notices of trading blackouts were regularly disseminated and issued to all personnel via e-mail. Compliance was strictly enforced during these trading blackout periods.

There have been no violations of the company's insider trading and trading blackout policies in the past three years.

Reporting of Transactions

Ayala has established and implemented guidelines for all directors, officers, employees and consultants on reporting trades. All directors and officers from Managing Directors and above, the Comptroller, Chief Audit Executive, Chief Risk Officer, Treasurer, Chief Compliance Officer, Corporate Secretary, and Assistant Corporate Secretary must report to the company all acquisitions or disposals, or any changes in their shareholdings in the company within three business days from the transaction date. All other officers and employees must submit to the Chief Compliance Officer a quarterly report on their trades of company securities.

A schedule showing the changes in shareholdings of the directors and officers in 2019 is disclosed in the next page.

WHISTLEBLOWER POLICY

In pursuit of integrity, Ayala strives to enhance the level of transparency within the company through the establishment of the Whistleblower Policy to encourage directors, officers, employees and all suppliers, business partners, contractors and subcontractors, and other third parties to report any perceived wrongdoing or malpractice involving the company or its personnel. The policy is meant to encourage the reporting of such matters in good faith, with utmost confidence that the whistleblower will be treated fairly and protected from reprisal, harassment, disciplinary action, or victimization for whistleblowing.

To further strengthen integrity, objectivity, and confidentiality, including ensuring the protection of the whistleblower, Ayala has implemented an outsourced receipt and processing of whistleblower reports to Punongbayan and Araullo through the reporting channel <https://proactivehotline.punongbayan-araullo.com/report/ayalacorporation>. The website allows anonymous reporting and is accessible anytime and anywhere via internet. Status of all reports are trackable with available monthly reports.

CHANGES IN SHAREHOLDINGS

Reported trades in Ayala Securities of the directors and officers in 2019:

	SECURITY	BALANCE AS OF DECEMBER 31, 2018	ACQUIRED	DISPOSED OF	BALANCE AS OF DECEMBER 31, 2019
Directors					
Jaime Augusto Zobel de Ayala	Common	300,187	89,950	-	390,137
	Preferred B Series 1	20,000	-	-	20,000
	Voting Preferred	543,802	-	-	543,802
Fernando Zobel de Ayala	Common	306,317	88,616	-	394,933
	Voting Preferred	554,983	-	-	554,983
Keiichi Matsunaga	Common	1	-	-	1
Delfin L. Lazaro	Common	33,775	7,354	-	41,129
	Voting Preferred	258,297	-	-	258,297
Xavier P. Loinaz	Common	126,614	-	-	126,614
	Voting Preferred	65,517	-	-	65,517
Antonio Jose U. Periquet	Common	1,200	-	-	1,200
	Preferred B Series 2	400,000	-	400,000*	-
Ramon R. del Rosario, Jr.	Common	1	-	-	1
Officers					
Jose Rene Gregory D. Almendras	Common	66,099	46,389	-	112,488
Catherine H. Ang	Common	22,505	3,268	-	25,773
	Voting Preferred Shares	5,290	-	-	5,290
	Preferred B Series 2**		2,000		2,000
Alfredo I. Ayala	Common	163,409	11,368		174,777
Estelito C. Biacora	Common	-	2,712		2,712
Paolo Maximo F. Borromeo	Common	51,210	14,101		65,311
Cezar P. Consing	Common	91,461	16,465		107,926
Ernest L. Cu***	Common	117,435	16,067		133,502
Josephine G. de Asis	Common	23,038	3,946		26,984
Bernard Vincent O. Dy	Common	21,681			21,681
John Eric T. Francia	Common	147,933	9,079	36,788	120,224
Solomon M. Hermosura	Common	90,100	31,860		121,960
	Voting Preferred Shares	53,583			53,583
Jose Teodoro K. Limcaoco	Common	257,689	46,389	2,010	302,068
Ruel T. Maranan	Common	17,089	4,582		21,671
John Philip S. Orbeta	Common	575,491	32,176		607,667
Arthur R. Tan	Common	319,158	40,585		359,743
Dodjie D. Lagazo	Common	-			-
Joanne M. Lim	Common	-			-
TOTAL		4,633,865	466,907	438,798	4,661,974

* Mandatory Redemption of ACPB2 Shares

**APB2R shares issued on November 29, 2019

*** Not a reportable officer of Ayala but a member of the Ayala Group Management Committee

The whistleblower may still choose to submit a written report directly to the Office of the Chief Compliance Officer, or by e-mail to whistleblower@ayala.com.ph, or through a face-to-face meeting with any member of the Disclosure Committee composed of one representative each from the Office of the Chief Legal Officer, Strategic Human Resources, Internal Audit, and Group Risk Management. There is an established Disclosure Committee and investigation process for reported violations of company policies, rules and regulations. All reports are treated in confidence and discussed with the Audit Committee, which monitors the resolution and closure of all reports.

In 2019, there were no incidents reported through Ayala Corporation's whistleblower reporting channels.

DATA PRIVACY POLICY

As part of its continuing commitment to uphold the data privacy of all stakeholders, Ayala's Data Privacy Office headed by the Data Protection Officer, Atty. Solomon M. Hermosura works closely with all the business units to regularly review the physical, technical and organizational measures adopted by the Company for the protection of personal data. This is to ensure the integrity, confidentiality and availability of the personal data that the Company collects and processes, and protect these against natural and human dangers, such as accidental loss or destruction, unauthorized access, fraudulent misuse, and unlawful alteration.

In 2019, the Company: (1) continued its legal gap assessment to identify and execute the necessary data sharing and outsourcing agreements with relevant parties, (2) issued its Personal Data Protection Statement for Employees to better inform them of their rights as data subjects, (3) conducted capacity building activities to Ayala Group employees to ensure their strict compliance with the Data Privacy Act of 2012 and other relevant issuances of the National Privacy Commission, and (4) initiated the preparation of the Data Privacy Compliance Dashboard to easily update its personal data inventory and monitor the different aspects of

processing of personal data. There were no reported data privacy breaches for Ayala during the year.

Inquiries or concerns regarding data privacy or data subjects' rights may be communicated in writing directly to the Office of the Data Protection Officer, or by email to acdataprivacy@ayala.com.ph.

WEBSITE

Information on the company's corporate governance initiatives, this Integrated Report, and all other relevant information is available on the company's website at www.ayala.com.ph. As part of our stakeholder engagement, Ayala also maintains social media accounts at [Facebook.com/AyalaCorporation](https://www.facebook.com/AyalaCorporation) and <https://ph.linkedin.com/company/ayala-corporation>.



Data privacy awareness programs regularly conducted for Ayala employees.

REPORT OF EXECUTIVE COMMITTEE TO THE BOARD OF DIRECTORS For the year ended 31 December 2019

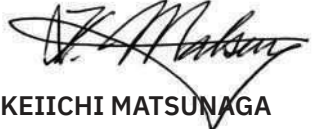
The Executive Committee is mandated to exercise the powers and perform the duties of the Board within the authority granted to them. It acts by majority vote of all its members during the intervening period between scheduled Board meetings. In 2019, the Committee deliberated, reviewed and approved the following transactions:

- Funding for the upgrade and expansion of Vermosa Sports Hub;
- Investment in Redeemable Cumulative Preference Shares of AC Industrials Singapore;
- Upstreaming of Proceeds from the Partial Divestment of AC Energy's Thermal Assets;
- Selection of MCX Expressway Partnership Programme Partner;
- Bridge Financing for IMI (Singapore) Pte. Ltd. through Investment in Redeemable Preference Shares;
- Issuance of up to USD500 Million Guaranteed Undated Notes by AYC Finance Ltd.;
- Revised Related Party Transactions Policy; and
- Investment in Yoma Strategic Holdings, Inc. and First Myanmar Investment Public Co. Ltd.

March 12, 2020.


JAIME AUGUSTO ZOBEL DE AYALA
Chairman


FERNANDO ZOBEL DE AYALA
Member


KEIICHI MATSUNAGA
Member

REPORT OF FINANCE COMMITTEE TO THE BOARD OF DIRECTORS
For the year ended 31 December 2019

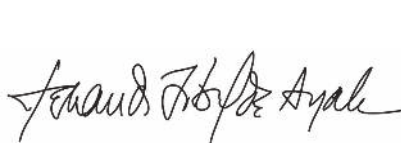
The Finance Committee oversees the Corporation’s financial policy and strategy, including capital structure, dividend policy, and capital allocation decisions. In 2019, the Committee accomplished the following:

- 1. Discussed, deliberated on and approved the following:
 - a. Investment in Redeemable Cumulative Preference Shares of AC Industrials Singapore;
 - b. Buyback of AC Shares from Mitsubishi Corporation;
 - c. Exercise of Call Option on the Corporation’s Class B Series 2 Preferred Shares and Reissuance of the Same Shares;
 - d. Investment in Active Fund by AC Ventures Holding Corp. and AC Industrial Technology Holdings, Inc.;
 - e. Investment in Yoma Strategic Holdings, Inc. and First Myanmar Investment Public Co. Ltd.;
 - f. Additional Investment Outlets and updating of bank credit lines as well as counterparty limits;
 - g. Issuance of up to USD500 Million Guaranteed Undated Notes;
 - h. Bridge Financing for IMI Singapore through Investment in Redeemable Preference Shares;
 - i. Additional Equity Infusion into AC Energy, Inc.;
 - j. Shift of ACIFL’s investment to ACE Thermal SG; and
 - k. Additional capital allocation to Ayala Healthcare Holdings, Inc.
- 2. Discussed updates on the Corporation’s exchangeable bond which matured already.
- 3. Conducted a portfolio review o the Corporation, its affiliates and associates.

March 12, 2020.


DELFIN L. LAZARO
Chairman


JAIME AUGUSTO ZOBEL DE AYALA
Member


FERNANDO ZOBEL DE AYALA
Member


ANTONIO JOSE U. PERIQUET
Member

REPORT OF THE CORPORATE GOVERNANCE AND NOMINATION
COMMITTEE TO THE BOARD OF DIRECTORS
For the year ended 31 December 2019

The Corporate Governance and Nomination Committee is tasked with ensuring that good corporate governance principles and practices are complied with and observed by the company. In line with this mandate, the Committee met four times and accomplished the following in 2019:

- Reviewed the qualifications of all persons nominated to positions requiring appointment by the Board.
- Approved the final list of nominees for directors for election at the 2019 annual stockholders’ meeting after ensuring that all nominees to the Board have met all the qualifications and none of the disqualifications as set forth in the Corporation’s By-Laws, Revised Manual of Corporate Governance and the rules of the Securities and Exchange Commission.
- Approved the final list of nominees for Chairpersons and Members of the Board Committees, Lead Independent Director and key officers at the 2019 organizational board meeting after ensuring that all nominees to the Board have met all the qualifications and none of the disqualifications as set forth in the Corporation’s By-Laws, Revised Manual of Corporate Governance and the rules of the SEC.
- Reviewed, evaluated and approved changes in the criteria for promotions to the Senior Managing Director level.
- Reviewed, evaluated and approved Senior Executive promotions.
- Endorsed for Board approval the engagement of Aon as external facilitator for the Board assessment.
- Reviewed and endorsed for Board Approval the revision of the Insider Trading Policy.

March 12, 2020.


RAMON R. DEL ROSARIO, JR.
Chairman


XAVIER P. LOINAZ
Member


ANTONIO JOSE U. PERIQUET
Member

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2019

The Board-approved Audit Committee Charter defines the duties and responsibilities of the Audit Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to the:

- Integrity of the Company's financial statements and the financial reporting process;
- Appointment, remuneration, qualifications, independence and performance of the external auditors and the integrity of the audit process as a whole;
- Effectiveness of the system of internal control;
- Performance and leadership of the internal audit function; and
- Company's compliance with applicable legal and regulatory requirements.

In compliance with the Audit Committee Charter, we confirm that:

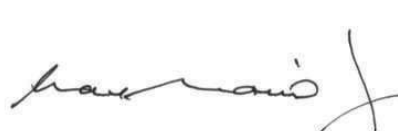
- The Chairman and another member of the Committee are independent directors;
- We had four (4) regular meetings and executive meetings with the internal auditors and external auditors;
- We have recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2019 external auditor and the related audit fee;
- We have reviewed and discussed the quarterly unaudited consolidated financial statements and the annual audited consolidated financial statements of Ayala Corporation and Subsidiaries, including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. We also reviewed and discussed the annual Parent Company Financial Statements. These activities were performed in the following context:
 - Management has the primary responsibility for the financial statements and the financial reporting process; and
 - SGV & Co. is responsible for expressing an opinion on the conformity of the Ayala Corporation's audited consolidated financial statements with the Philippine Financial Reporting Standards.
- We have approved the overall scope and the respective audit plans of the Company's internal auditors and SGV & Co. We have reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We have also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments. Based on the assurance provided by the internal audit as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;

- We have evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;
- We have reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to Ayala Corporation and the related fees for such services. We have also assessed the compatibility of non-audit services with the auditors' independence to ensure that such services will not impair their independence;
- We have conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter; and
- We have reviewed the Audit Committee Charter and Internal Audit Charter to ensure that it is updated and aligned with regulatory requirements.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited consolidated financial statements be included in the Annual Report for the year ended December 31, 2019 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as Ayala Corporation's external auditor and the related audit fee for 2020 based on their performance and qualifications.

March 6, 2020.


XAVIER P. LOINAZ
Chairman


RAMON R. DEL ROSARIO, JR.
Member


KEIICHI MATSUNAGA
Member

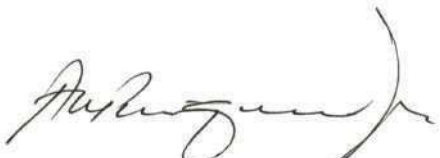
REPORT OF THE RISK MANAGEMENT AND RELATED PARTY
TRANSACTIONS COMMITTEE TO THE BOARD OF DIRECTORS
For the year ended 31 December 2019

The Risk Management and Related Party Transactions Committee assists the board in fulfilling its oversight mandate with respect to risk governance and related party transactions. Its objectives are to ascertain that there exists a sound risk management framework and supporting infrastructure within the company, as well as to ensure that all related party transactions are pursued in the best interest of its shareholders.

The Committee held seven meetings in 2019, during which, it:

- Reviewed management’s adopted risk management framework and its ongoing programs to promote risk awareness within the company.
- Reviewed its Committee charter and risk governance policies, including those for enterprise-wide risk, crisis management and related party transactions.
- Evaluated and recommended for approval proposed investments, advances and leases involving related parties.
- Identified sources of downside risk and their possible effects on the company.

March 02, 2020.


ANTONIO JOSE U. PERIQUET
Chairman


RAMON R. DEL ROSARIO, JR.
Member


KEIICHI MATSUNAGA
Member

REPORT OF PERSONNEL AND COMPENSATION
COMMITTEE TO THE BOARD OF DIRECTORS
For the year ended 31 December 2019

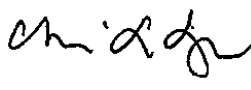
The Personnel and Compensation Committee is mandated to establish a formal and transparent procedure for the development of an executive remuneration policy and for determining the remuneration packages of corporate officers and directors, in a manner that is consistent with the company’s culture, strategy, and control environment; and aligned with the long-term interests of the company and its stakeholders, while remaining competitive against the market.

The Committee met two times in 2019 and accomplished the following:

- Reviewed the special report prepared by Willis Towers Watson Singapore on the competitiveness of the current executive compensation program design and remuneration levels of senior executives and management across the Ayala Group of Companies. The benchmarking exercise covered market data from leading companies across Southeast Asia including the Philippines;
- Reviewed and endorsed for Board approval the 2018 performance bonus multiples and 2019 merit increase guidelines for the employees of the Corporation;
- Reviewed and endorsed for Board approval the compensation actions for the Chief Executive Officer and Chief Operating Officer including their performance bonus for 2018, merit increase for 2019 and 2019 ESOWN award; and
- Reviewed and endorsed for Board approval the 2019 Employee Stock Ownership Plan (ESOWN).

March 04, 2020.


RAMON R. DEL ROSARIO, JR.
Chairman


DELFIN L. LAZARO
Member


KEIICHI MATSUNAGA
Member

AWARDS AND RECOGNITIONS



DECEMBER

Jaime Augusto Zobel de Ayala was one of eight recipients of the Best CEO of the Year Award from The Asset Best Corporate Awards 2019.

Ayala Corporation was an awardee of The Asset Best Investor Relations Team Award, recognized for providing an efficient and effective interface for its investors and analysts.

Ayala Corporation was given The Asset ESG Corporate Platinum Award for its commitment towards good governance, social responsibility, and environmental responsibility.



Jose Teodoro Limcaoco was recognized as one of the 25 Most Influential DOers & Shakers in Purposeful Organizations for his contributions in leading Ayala Corporation into becoming a more purposeful company through the launch of the Ayala Sustainability Blueprint.

NOVEMBER

Ma. Victoria Tan, Ayala Corporation's Head of Group Risk Management and Sustainability, was recognized as one of Eco-Business' 2019 A List of most influential corporate sustainability leaders in the Asia Pacific.



OCTOBER

Among 500 finalists from 2,000 of the world's largest public companies, Ayala Corporation was named one of Forbes' World's Best Employers in 2019.



SEPTEMBER

Ayala Corporation's Head of Group Risk Management and Sustainability, Ma. Victoria Tan, was named one of Asia's Top Sustainability Superwomen by CSR Works.



JUNE

Under the 2018 ASEAN Corporate Governance Scorecard (ACGS), Ayala Corporation was recognized as one of the top performing Philippine publicly listed companies in terms of governance standards and practices.



APRIL

FinanceAsia's 19th Best Companies Poll awarded Ayala Corporation and its management in multiple categories, namely first place in Best Managed Company, Best Growth Strategy, BEST ESG, Best CEO (Jaime Augusto Zobel de Ayala), and Best CFO (Jose Teodoro Limcaoco). Ayala Corporation also placed third in the Best Investor Relations category.



ANNEXES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FULL-YEAR HIGHLIGHTS

- Ayala Corporation's full year earnings amounted to ₱35.3 billion, including the divestments gains of ₱23.6 billion from AC Education and AC Energy.
- Strong consumer driven revenue growth of ALI, Globe and BPI drove the bottom-line.
- Results tempered by the recognition of a remeasurement loss of ₱18.1 billion for Manila Water.
- Slowdown in AC Industrials resulted in a net loss of ₱2.4 billion.

In December 2019, Ayala recognized a remeasurement loss of ₱18.1 billion as a result of the reclassification of its investment in Manila Water as asset held under PFRS 5 (the accounting standard for assets held for sale). This accounting standard

requires applying a fair market value accounting for Ayala's investment in Manila Water, if the completion of the divestment and or subsequent loss of voting control is expected to occur within one year from the date of the financial statement. It also requires the assets and liabilities of MWC to be presented as one line item in the consolidated balance sheet and P&L in 2019 as opposed to line by line consolidation in prior years.

Please see as summary table below showing the effect of accounting for MWC investment under PFRS 5.

CONSOLIDATED SALES OF GOODS AND SERVICES

Sale of goods and rendering services rose three percent to ₱264.9 billion on higher revenues from Ayala Land's sale of commercial lots and office

spaces, middle-market residential products, and improved performance of its leasing segments. This was further supported by increments from AC Energy's retail electricity supply unit and AC Health. However, this was partly offset by AC Industrials' lower revenues.

REAL ESTATE

The conglomerate's real estate arm, Ayala Land, saw a 13 percent growth in its bottom-line in 2019, which reached ₱33.2 billion for the year. Meanwhile, its total revenues increased by two percent to ₱168.79 billion from ₱166.25 billion the previous year, mainly supported by office and commercial and industrial lot sales as well as higher contribution of new leasing assets.

Property development revenues was slightly down two percent year-on-year, reaching ₱117.6 billion in 2019. The performance was due to an eight percent decline in residential revenues given the lower contribution of its Ayalaland Premier and ALVEO brands as most of its vertical projects recognized in 2019 were booked in previous periods and are nearing completion. On the other hand, it exhibited growth in office for sale developments and commercial and industrial lots, which rose 12 percent and 46 percent, respectively.

During the year, Ayala Land introduced three new estates and successfully launched ₱158.9 billion worth of property development projects.

On the other hand, commercial leasing saw double-digit growth from all its segments as it expanded 13 percent to ₱39.3 billion during the year. Revenues from shopping centers grew 11 percent to ₱22.0 billion from ₱19.91 billion on the back of sustained growth from its stable malls and increased contributions from its newly opened malls, Ayala Malls Feliz, Capitol Central, and Circuit Makati. Similarly, office leasing revenues increased

by 12 percent to ₱9.67 billion from previous year's ₱8.61 billion, with the new offices in Ayala North Exchange, Vertis North, and Circuit Makati improving the segment's performance. Revenues coming from hotels and resorts rose by 19 percent to ₱7.62 billion from ₱6.39 billion in 2018 on strong patronage of Seda Ayala Center Cebu and Seda Lio.

Ayala Land expanded its leasing portfolio with malls and offices totaling 2.1 million and 1.2 million square meters of gross leasing area, respectively, and hotels and resorts with 3,705 rooms.

Ayala Land spent a total of ₱108.7 billion in capital expenditures in 2019. Most of the amount supported the construction of residential projects at 40 percent of total. Following this, 26 percent was spent on the company's rental assets, 17 percent on land acquisition, 14 percent on estate development and the rest on other investments.

Ayala Land, through its subsidiary, AREIT Inc., became the first Philippine company to file a real estate investment trust (REIT) offering to the Securities and Exchange Commission last February 7, 2020. AREIT is seeded with Grade A office assets located in Makati CBD and is expected to expand its portfolio with new acquisitions in the future. Through this initial capital market transaction, Ayala Land hopes to pave the way for the development of a REIT market in the country, bringing another milestone to the Philippine stock market. Ayala Land seeks to do an Initial Public Offering (IPO) of AREIT, Inc. after receiving the regulatory approvals from the SEC and the PSE.

WATER

Manila Water's full-year net profits dipped 16 percent year-on-year to ₱5.5 billion as the water supply shortage in March severely impacted the East Zone concession while some cost-side challenges also weighed down on profitability.

IN MILLION PESOS	2019			2018
	Pre-MWCI Reclass	PFRS 5 Reclass	FINAL	
Continuing Operations				
Revenues	284,704	(19,797)	264,907	256,891
Share of profit of associates & joint ventures	22,998	(654)	22,344	19,761
Interest & other income	55,995	(12,340)	43,655	18,642
	363,697	(32,791)	330,906	295,293
Cost of sales	198,207	(8,223)	189,983	189,707
General and Administrative	75,737	(43,624)	32,113	25,957
Interest expense & other charges	35,337	(12,928)	22,410	17,379
Provision for income tax	12,433	1,551	13,984	13,367
	321,714	(63,225)	258,490	246,410
Net income from continuing operations	41982	30,433	72,416	48,884
Operations segment under PFRS 5	-	(30,433) [a]	(30,433)	6,181
Net Income (NIAT)	41,982	-	41,982	55,065
NIAT - owners of Parent Co	35,279		35,279	31,818
NIAT - noncontrolling interests	6,703		6,703	23,247
[a] Includes the 2019 NIAT of MWCI less consolidation adjustments and the ₱35.3Bn after-tax remeasurement loss on MWCI Investment (₱18.1 Bn AC share)				

[a] Includes the 2019 NIAT of MWCI less consolidation adjustments and the ₱35.3Bn after-tax remeasurement loss on MWCI Investment (₱18.1 Bn AC share)

The decline in La Mesa dam water levels caused water service availability to drop significantly, with the dam reaching its lowest level at 68.5 meters in April 2019. To assist severely affected customers, Manila Water implemented a one-time Bill Waiver Program. Additionally, in July, raw water allocation from Angat Dam hit its lowest, with releases limited to 35 cubic meters per second for the MWSS Concessionaires. To mitigate this, Manila Water pushed for network efficiency to maintain service availability by ensuring water service of at least 7 pounds per square inch (psi) of pressure, enough to reach the ground floor level, enabling it to serve more than 7 million people covering over 1.3 million households in the East Zone.

Throughout 2019, Manila Water also affirmed its wastewater commitment of providing 32 percent coverage of the East Zone by 2021. Wastewater coverage in the East Zone is currently over 30 percent, equivalent to two million people served through nearly 400 kilometers of laid sewer network. Wastewater coverage was only at three percent prior to Manila Water taking over operations from MWSS in 1997.

Considering these factors, costs and expenses for the East Zone concession increased 32 percent to ₱6.4 billion for the year, mainly driven by the ₱534 million penalty imposed by MWSS and additional service recovery and operations costs. In all, the Manila concession's net income for the year was at ₱5.1 billion, a decline of 22 percent from 2018.

In February, Ayala announced a strategic partnership with an infrastructure company of Enrique K. Razon Jr., Prime Metroline Holdings Inc., through a company that it will incorporate for the transaction (hereafter, "Trident Water"), with the acquisition of a 25 percent stake in Manila Water. Ayala remains a shareholder with a 38.6 percent stake. Subsequently, Ayala announced that as part of the shareholder agreement to be executed among Ayala, its wholly owned subsidiary Philwater Holdings Company, and Trident Water, the conglomerate's Executive Committee approved the grant of proxy rights by Philwater to Trident Water over such number of preferred shares to enable the latter

to achieve 51 percent voting interest in Manila Water. Upon the grant of proxy rights to Trident Water, Ayala's effective voting interest in Manila Water will stand at 31.6 percent. The shareholders' agreement will become effective after the closing of the subscription agreement, which will occur after certain conditions are met, including required lenders' consent and regulatory approvals.

POWER

Ayala's more recent core business, AC Energy, registered net profits of ₱24.6 billion in 2019, lifted by contribution from its solar projects in Vietnam, recovery of costs incurred from adjustments in the construction and operations of its power plants, and gains from the partial divestment of its thermal assets. AC Energy increased its attributable energy output in 2019 by 25 percent to 3,500 Gigawatt hours, of which 50 percent came from renewables sources.

As it shifts its portfolio towards renewable energy, AC Energy has a pipeline of more than 1,000MW in various renewable projects in the Philippines and overseas that are expected to reach financial close within 2020. This will bring AC Energy's renewable energy capacity close to 2,000MW by the end of 2020, in line with its goal of achieving 5,000MW of renewables capacity by 2025.

AC Energy saw several developments that supported its international businesses. The start of operations of the company's solar farms in Vietnam supported profits during the year. Three plants with a total of 410MW commenced commercial operations in the second quarter, in time to meet Vietnam's solar feed-in tariff deadline.

AC Energy also announced a joint venture project with UPC Solar Asia Pacific, its existing partner for various projects in and out of the Philippines, for the development of solar projects in the Asia-Pacific region.

In addition, AC Energy and Yoma Strategic Holdings Ltd. also announced its decision to form a 50:50 joint venture to drive the growth of Yoma Micro Power (S) Pte. Ltd., and jointly explore developing around

200MW of additional renewable energy projects within Myanmar including participation in large utility scale renewable projects.

Locally, subsidiary AC Energy Philippines signed share purchase agreements to increase its stakes in the North Luzon Renewables wind project, and the Sacasol and Islasol solar plants. It also started the construction of the 120MW Alaminos solar plant and the 150MW Ingrid peaking plant.

In line with its commitment to scale up its renewable energy investments, AC Energy issued two green bonds in 2019, effectively raising US\$810 million in fresh capital to support its pipeline of renewable energy projects. The first issuance, which happened in January-February 2019, was the power company's maiden green bonds and fetched a total amount of US\$410 million. The bonds were the first publicly syndicated Climate Bond Initiative-certified US\$ Green Bonds in Southeast Asia. Subsequently in November, AC Energy raised US\$400 million through the first ever US dollar denominated fixed-for-life green bond issued globally. The perpetual green bonds were listed on SGX-ST and certified under the ASEAN Green Bonds Standards by the Philippine Securities and Exchange Commission on 18 November 2019.

INDUSTRIAL TECHNOLOGIES

AC Industrials recorded a net loss of ₱2.4 billion as headwinds in both the electronics manufacturing services industry and the global auto industry hampered earnings across its several business lines. The company's EMS platform, Integrated Micro-Electronics Inc., continued to weather challenges in its main market segments, particularly the industrial and consumer spaces. As the automotive sector contracted globally, most notably in China, IMI's revenues, dropped 17 percent year-on-year. Additionally, investments in capacity and technical capabilities for future growth increased the company's overhead expenditures, which partly affected gross profit margins. Overall, these factors hindered IMI's growth in 2019, with the company posting a net loss of US\$7.8 million for the year. Revenues from IMI's wholly owned operations tallied at US\$1 billion, down 7 percent from the previous year. The company's Asian operating

units dropped a total of 11 percent, as a function of the aforementioned slowdown in China's automotive market for the year. This was offset by the performance of IMI Europe, also largely automotive based, which grew three percent year-on-year as the company's newest production facility in Serbia continued its ramp-up in its first full year of operations. In parallel, IMI's Mexico operations, which serve the North American markets, continued their robust trajectories with a 50 percent revenue growth in 2019.

IMI's core subsidiaries, Via Optronics and STI, Ltd., posted combined revenues of \$248 million, a decline of 21 percent from the previous year. VIA's drop was mainly driven by the slump in the overall computing consumer segment and the delay in the release of a new generation component from one of its major customers. Meanwhile, the uncertainty over Brexit, which persisted at least through 2019, caused some delays in the awarding of several contracts where STI is a key competitor.

AC Industrials' Philippine vehicle distribution and retail arm, AC Motors, recorded a net loss of ₱337 million on lower sales volumes across its Honda, Isuzu, Kia, and Volkswagen brands. As the industry recovers from the previous year's sizable, policy-driven decline, competition continues to be highly competitive, with over 50 players vying for slowly recovering customer demand.

Meanwhile, AC Industrials' startup investments, Merlin Solar, MT Technologies, and C-CON, recorded higher net losses during the period as they continue to grow their revenue pipelines, invest in capacity and infrastructure, and manage underutilization of capacity resulting from the global downturn in automotive and manufacturing.

SHARE IN NET PROFITS OF ASSOCIATES AND JOINT VENTURES

Share in net profits of associates and joint ventures expanded 13 percent to ₱22.3 billion on Globe's higher revenues and lower non-operating expenses and BPI's higher interest and non-interest income. This was, however, partly offset by lower earnings from AC Energy's investee companies.

BANKING

BPI's net earnings, which was supported by solid core income, higher securities trading gains, and steadily growing fee-based businesses, jumped 25 percent to ₱28.8 billion in 2019.

Total revenues grew 20 percent to ₱94.3 billion as both net interest income and non-interest income saw robust growth for the full year. BPI's net interest income was up 18 percent to ₱65.9 billion on the back of a 9-percent improvement in average asset base and a 24-basis point expansion in net interest margin. Net interest margin increased from 3.11 percent in 2018 to 3.35 percent in 2019, as a result of asset yields rising 69 basis points, partially offset by higher cost of funds.

Total loans grew 9 percent year-on-year, reaching ₱1.48 trillion, primarily driven by consumer loans which grew 13 percent, much faster than corporate and SME loans, which also grew 8 percent and 6 percent, respectively. Total deposits rose 7 percent to ₱1.70 trillion during the year. The bank's CASA ratio stood at 69.1 percent, while the loan-to-deposit ratio was at 87.0 percent.

Non-interest income was ₱28.4 billion, an increase of 25 percent versus 2018, primarily from higher securities trading gains and fee-based income. Fees, commissions, and other income increased by 12 percent, driven by higher fees from credit cards, transaction banking, branch services, and digital channels.

Operating expenses totaled ₱50.1 billion, higher by 15 percent from the previous year. Cost-to-income ratio was at 53.1 percent, lower than the 55.5 percent recorded in the prior year. Provision for losses for 2019 was ₱5.8 billion, increasing the Bank's loss coverage ratio to 104.8 percent. NPL ratio improved to 1.66 percent from 1.85 percent in 2018.

The bank's total assets stood at ₱2.21 trillion, higher by 6 percent year-on-year, with return on assets at 1.38 percent. Total equity amounted to ₱269.6 billion, with a common equity tier 1 ratio of 15.17 percent and capital adequacy ratio of 16.07 percent,

both well above regulatory requirements. Return on equity for 2019 was at 10.97 percent.

BPI also issued over ₱3.1 billion of Long-Term Negotiable Certificates of Time Deposit (LTNCTDs) in October 2019. The LTNCDs have a tenor of 5.5 years and an interest rate of 4 percent p.a. In December 2019, BPI Family Savings Bank ("BFSB"), the Bank's wholly-owned thrift bank and consumer lending unit, issued ₱9.6 billion of 2.5-year bonds with an interest rate of with 4.3 percent p.a.

TELCO

Globe's net income ended at ₱22.3 billion, up 20 percent, boosted by the company's data-related products and services.

Overall, Globe's total service revenues were up 12 percent to ₱149 billion, lifted by data-related services, which accounted for 71 percent of the total.

The company's strategy is aligned to the evident growth in data driven customers across all segments. Mobile data users rose 7 percent to 39.6 million subscribers, which consequently pushed mobile data traffic up substantially by 78 percent to 1.7 petabytes. Likewise, the company's home broadband subscriber base increased 25 percent to over 2 million customers as Globe Home Pre-paid Wifi gained more traction in its segment. In order to further solidify its foothold in the home broadband space through an expanded portfolio of data offerings, Globe also launched At Home Air Fiber 5G on July 2019.

Globe's EBITDA ended at ₱76 billion, up 17 percent due to robust service revenues as well as subdued operating expenses. Operating expenses grew a modest eight percent despite higher costs related to marketing, subsidies, and staff as interconnect charges dropped significantly during the period. The company's EBITDA margin was steady at 51 percent for 2019.

Capital expenditure reached a record-high of ₱51 billion, 18 percent higher year-on-year. This was allocated to fast-tracking network rollout. During the

year, Globe put up more sites and added more 3G and 4G base stations.

COSTS AND EXPENSES

General and administrative expenses rose 24 percent to ₱32.1 billion, mainly driven by AC Energy's higher manpower costs, professional fees, and restructuring costs related to the partial divestment of its thermal assets drove the increase. AC Industrials' manpower and advertising costs as well as AC Health's clinic network expansion and the consolidation of Generika and Entrego into AC Health and AC Infra, respectively, likewise drove the higher GAE.

BALANCE SHEET HIGHLIGHTS

The company's balance sheet remains strong with enough capacity to support its future investments and cover dividend and debt obligations.

At the end of 2019, Ayala's total assets stood at ₱1.3 trillion. Investment properties expanded 8 percent to ₱246.7 billion on the back of ALI's malls and office expansion. Investments in associates and joint ventures, meanwhile, ended at ₱246.7 billion on account of higher equity in net earnings contribution of BPI and Globe as well as additional investments made by Ayala Land, AC Health, AC Infra, and AC Ventures.

At the end of 2019, total debt at the consolidated level stood at ₱405.3 billion, two percent lower from its end-2018 level, despite additional borrowings of Ayala Land and AC Energy as MWCI's total debt of ₱56.4 billion was reclassified to liabilities under PFRS 5.

Ayala's parent level cash stood at ₱22.6 billion, with net debt at ₱83.2 billion. Ayala's parent net debt-to-equity ratio stood at 63 percent. The conglomerate's loan-to-value ratio, the ratio of its parent net debt to the total value of its assets, was at 6.5 percent at the end of 2019.

The consolidated capital expenditure of the group reached ₱215 billion in 2019, mainly driven by Ayala Land and Globe, which respectively tallied ₱109 billion and ₱51 billion in capital outlay for the year. Parent-only capital expenditure, on the other hand, reached ₱30 billion, which went mostly to the newer businesses of Ayala. For 2020, the Ayala Group has programmed ₱275 billion in capital expenditures, of which ₱20.8 billion has been earmarked under the parent to support the emerging businesses in its portfolio.

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL AS Philippines Branch (“DNV GL”) has been commissioned by the management of Ayala Corporation (“Ayala Corp.” or the “Company”, SEC Identification Number: 34218) to undertake an independent assurance of the sustainability/non-financial disclosures in Ayala Corporation’s 2019 Integrated Report (the “Report”) in its printed format for the year ended 31st December 2019. This Report is prepared by Ayala Corporation based on the Guiding Principles and Content Elements of the International <IR> Framework (“<IR> Framework”) and presenting the Company’s performance related to its identified material topics for both listed and unlisted subsidiaries and affiliates as detailed in section “Reporting Scope” of the Report. The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV GL’s assurance methodology VeriSustainTM1, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with the Global Reporting Initiative’s (“GRI’s”) Principles for Defining Report Content and Report Quality. The verification engagement was carried out from December 2019 to April 2020.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

Responsibilities of the Management of Ayala Corporation and of the Assurance Provider

The Board of Ayala Corporation has sole responsibility for the preparation of the Report and is responsible for all information provided as well as the processes for collecting, analysing and reporting the information presented in the Report. Ayala Corporation has stated that this Report was based on the <IR> Framework and has adopted general disclosures and selected performance indicators for disclosures related to identified material topics from the GRI Standards 2016.

Our verification engagement included limited level of verification of sustainability performance disclosures for the identified material topics of Ayala Corporation in the section “Materiality” of the Report. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, true, and free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Our verification applies a $\pm 5\%$ uncertainty threshold towards errors and omissions for the performance data brought out in the Report

DNV GL was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our Opinion and Limitations

A multi-disciplinary team of sustainability and assurance specialists performed assurance at the Head Office at Makati City, and selected sites of subsidiaries of Ayala Corporation. We undertook the following activities:

- Review of the non-financial sustainability disclosures in this Report;

¹ The VeriSustain protocol is available on dnvgl.com.

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV GL did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by Ayala Corporation
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings with the Corporate Sustainability Team;
- Planned site visits to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites for verification;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritised based on risk-based approach, i.e. relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Ayala Corporation’s 2019 Integrated Report does not properly describe the non-financial performance of identified material topics based on the International <IR> Framework.

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

The Report has brought out key stakeholders (eg. investors and shareholders, employees, government agencies and regulators, creditors and suppliers, customers, communities, industry associations) to engage with, to build trust based on significant influence on Ayala Corporation’s sustainability performance. The Process considers the influence that each stakeholder has in the range of businesses and overall decision-making processes. The Report also describes the engagement modes such as consulting, involving, or collaborating with each stakeholder considering based on the extent of influence and articulates the value Ayala Corporation seeks to deliver through various engagement platforms.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

The Report describes the process adopted by Ayala Corporation in reviewing the material topic i.e. review of material topics considering rapidly shifting business and Environment Social and Governance (ESG) landscape, including review of its 360o Sustainability Reporting Framework in the context of emerging trends and urgent issues that affect its stakeholders. Further the Report states materiality is aligned to GRI Standards, SASB industry-specific topics and disclosures, and the 10 Principles of the UN Global Compact and WBCSD programs for business transformation and integrated Material topics to relevant Sustainable Development Goals (SDG's).

Responsiveness

The extent to which an organization responds to stakeholder issues.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

The Report brings out the Company's responses to identified material topics and significant issues which have arisen during the reporting period through disclosures on Corporate Governance, Business Review, Business model, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards as Performance Indices and its linkages to Six Capitals of <IR> framework.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

The majority of the performance disclosures verified through onsite and offsite verification, i.e. at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2019 related to its material issues using appropriate GRI Topic Specific Standards, for the identified boundary of operations and covering the Company's approaches to value creation and responses to key challenges faced during the reporting period.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

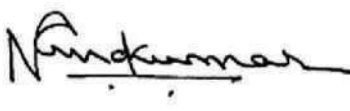
Statement of Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct² during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV GL has provided assurance to Bank of the Philippine Islands, Ayala Land Inc., AC Energy, Manila Water Company Inc. and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV GL did not provide any services to Ayala Corporation in 2019 that could compromise the independence or impartiality of our work.

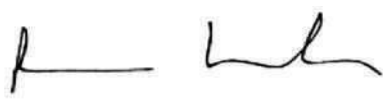
For and on behalf of DNV GL AS Philippines Branch



Vadakepatth Nandkumar,
Assurance Reviewer,
Head - Sustainability Operations,
DNV GL – Business Assurance India
Private Limited.



Heng Chwin Mak
Operations Manager –
South East Asia
DNV GL Technology Centre.
Singapore 118227



Prasun Kundu,
Assurance Reviewer,
DNV GL – Business Assurance
India Private Limited.

06th April 2020, Manila, Philippines

DNV GL AS Philippines Branch is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

² The DNV GL Code of Conduct is available from the DNV GL website (www.dnvgl.com)

MATERIALITY INDEX

MATERIALITY THEMES	MATERIAL TOPICS	RELEVANT UN SDG	UNGC PRINCIPLES
Climate change and biodiversity	GHG emissions	SDG 9 and 13	Principles 7, 8 and 9
	Energy resource planning	SDG 7 and 13	
	Physical impacts of climate change	SDG 11 and 13	
Resource efficiency and waste management	Biodiversity	SDG 14 and 15	Principles 7, 8 and 9
	Energy management	SDG 9 and 13	
	Water management	SDG 6 and 15	
	Water distribution network efficiency	SDG 6	
	Wastewater management	SDG 6	
	Waste and hazardous materials management	SDG 12	
	Materials	SDG 12	
Workplace experience and future of work	Employee engagement	SDG 8	Principles 1, 2, 3, 4, 5 and 6

This Integrated Report has used and referenced relevant SASB Standards and GRI Standards in disclosing performance across material topics.

SASB ACCOUNTING METRICS		GRI STANDARDS DISCLOSURES	PAGE NUMBER OR RESPONSE
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	305-1	235
TR-RA-110a.1 TR-AF-110a.1	Gross global Scope 1 emissions	305-1	235
FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	103-2	90
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets		120
IF-EU-110a.3 TR-RA-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	103-2	90, 123
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	103-2	90, 75-78
IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	103-2	90
		304-3	91
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	302-1	234
TC-TL-130a.1 IF-WU-130a.1 CG-MR-130a.1 HC-DY-130a.1 HC-DR-130a.1 TR-RA-110a.3	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	302-1	234
	Total fuel consumed, percentage renewable	302-1	233-234
TR-AF-110a.3	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	302-1	233-234
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	103-2	92
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	103-2	92
IF-WU-000.B	Total water sourced, percentage by source type	303-3	233
IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress, percentage purchased from a third party	303-3	233
IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	303-3	233
IF-EU-140a.1 TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	303-3 and 303-5	233
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	303-1 103-2	92
IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	303-1 103-2	111-112
IF-WU-140a.2	Volume of non-revenue real water losses		111-112
IF-WU-420a.2	Customer water savings from efficiency measures, by market		111-112
IF-WU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided		111-112
IF-WU-000.C	Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers		111-112
IF-WU-000.E	Length of (1) water mains and (2) sewer pipe		111-112
IF-WU-000.D	Average volume of wastewater treated per day, by (1) sanitary sewer, (2) stormwater, and (3) combined sewer		111-112
IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern	303-2 103-2	111-112
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	306-2	120
TC-TL-440a.1	(1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled	306-2	231-232
TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	306-2	231-232
TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	306-2	231-232
HC-DY-150a.1	Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	306-2	231-232
HC-DY-150a.2	Total amount of: (1) hazardous and (2) non- hazardous pharmaceutical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	306-2	231-232
TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	103-2	103
TC-ES-000.C TR-RA-000.E	Number of employees	102-7	239
TR-AF-000.C	Number of employees, number of truck drivers	102-7	239
CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	401-1	240
HC-DY-330a.1	(1) Voluntary and (2) involuntary turnover rate for: (a) physicians, (b) non-physician health care practitioners, and (c) all other employees	401-1	240
HC-DY-330a.2	Description of talent recruitment and retention efforts for health care practitioners	103-2	94-98

MATERIALITY THEMES	MATERIAL TOPICS	RELEVANT UN SDG	UNGC PRINCIPLES
Workplace experience and future of work	Training and education	SDG 8	Principles 1, 2, 3, 4, 5 and 6
	Occupational health and safety	SDG 8	
	Non-discrimination	SDG 8, 5 and 10	
	Child labor	SDG 8	
	Forced labor	SDG 8	
Customer experience and protection	Product and service quality and safety	SDG 3, 4, 6, 9, 11 and 12	Principles 1 and 2
	Customer privacy	SDG 9	
Equitable business practices	Security practices	SDG 8	Principles 1,2, and 10
	Business ethics	SDG 16	
	Economic value distribution	SDG 8	
	Supply chain sustainability	SDG 12	
	Community engagement	SDG 1, 10 and 11	

<https://www.unglobalcompact.org/what-is-gc/mission/principles>

SASB ACCOUNTING METRICS		GRI STANDARDS DISCLOSURES	PAGE NUMBER OR RESPONSE
		404-1 and 404-2	242-243
IF-EU-320a.1 TR-RA-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	403-9	97
TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	403-9	97
IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	403-9	97
CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	102-7	240
TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	102-7	240
		408-1	No cases filed against Ayala group for child labor. p. 97
		409-1	No cases filed against Ayala group for forced labor. p. 97
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development		115
TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions	103-2	116
TC-TL-000.A	Number of wireless subscribers		116
TC-TL-000.C	Number of broadband subscribers		116
IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	103-2	111-112
IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern	103-2	111-112
IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	103-2	92
HC-DY-000.A	Number of (1) facilities and (2) beds, by type		108
HC-DR-250a.1	Description of efforts to reduce the occurrence of compromised drugs within the supply chain	103-2	103
HC-DR-000.A	Number of pharmacy locations		108
SV-ED-260a.1	Graduation rate		110-111
SV-ED-260a.3	Job placement rate		110-111
SV-ED-000.A	Number of students enrolled		110-111
TC-ES-000.A	Number of manufacturing facilities		121
TR-RA-000.A	Number of carloads transported		117
TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	418-1	101
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	103-2	101
TC-TL-230a.2 TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	103-2	101
TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	103-2	101
HC-DY-230a.4 HC-DR-230a.1	Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	103-2	101
SV-ED-230a.2	Description of policies and practices relating to collection, usage, and retention of student information	103-2	101
		401-1	101
		205-1	195-205
		201-1	237
		308-2 414-2	There were no reported cases of negative environmental impacts in our companies' supply chain. p. 103
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	413-1	104

PERFORMANCE INDICES

MATERIALS & NON-HAZARDOUS WASTE

MATERIALS USED AND WEIGHT BY TYPE IN TONNES (301-1)	2017	2018	2019
Rebar/steel	165,625.0	171,755.7	196,031.0
Consumed cement	355,876.0	277,718.1	249,660.0
TOTAL	521,501.0	449,473.8	445,691.0
Rebar consumption intensity (Tonnes per million pesos revenue)	1.2	1.0	1.2
Cement consumption intensity (Tonnes per million pesos revenue)	2.5	1.7	1.5

This table refers to the materials used by the Makati Development Corporation, Ayala Land’s construction arm.

NON-HAZARDOUS WASTE GENERATED IN TONNES (306-2)	2017	2018	2019
Recyclables	6,363.2	8,735.9	11,793.5
Residual	17,174.4	26,874.5	22,212.5
Compostable and Food Waste	14,229.6	15,346.8	14,626.0
TOTAL	37,767.2	50,957.2	48,632.0

Waste productivity (Million pesos revenue per ton non-hazardous waste generated)	8.9	7.6	10.0
--	-----	-----	------

This table refers to the non-hazardous wastes generated by Ayala companies (see reporting companies below)

RECYCLABLES IN TONNES	2017	2018	2019
iPeople	-	11.2	202.1
AC Health	-	0.0	0.0
AC Infrastructure	-	41.3	37.8
Ayala Land	4,899.2	6,137.9	7,894.2
Globe	15.8	20.7	18.0
IMI	1,448.2	2,524.8	2,215.3
Manila Water	-	-	1,426.2
TOTAL	6,363.2	8,735.9	11,793.5

Recyclable construction waste from Ayala Land	466,176.0	457,592.7	893,852
---	-----------	-----------	---------

This table refers to the non-hazardous wastes generated by Ayala companies that can be recycled or re-used.

RESIDUALS IN TONNES	2017	2018	2019
iPeople	-	1.9	77.5
AC Health	-	315.0	29.0
AC Infra	-	61.2	77.6
Ayala Land	16,867.0	25,866.7	20,948.4
Globe	155.5	150.9	153.6
IMI	151.9	478.8	770.1
Manila Water	-	-	156.4
TOTAL	17,174.4	26,874.5	22,212.5

Residual construction waste from Ayala Land	1,546,272.0	1,460,284.5	413,914
---	-------------	-------------	---------

This table refers to the non-hazardous wastes generated by Ayala companies which can no longer be recycled, reused or composted

Increase in residuals is primarily due to inclusion of iPeople, AC Health and AC Infrastructure in 2018.

COMPOSTABLE AND FOOD IN TONNES	2017	2018	2019
Ayala Land	14,229.6	16,626.9	14,626.0

This table refers to the non-hazardous wastes generated by Ayala companies that can be composted, including food waste.

HAZARDOUS WASTE

HAZARDOUS WASTE GENERATED BY TYPE IN KG (306-4)	2017	2018	2019
Used Oil	523,748.4	726,600.3	1,347,372.4
Electronic Wastes	402,444.0	574,099.1	1,151,487.3
Used Batteries	161,888.6	208,524.1	1,040,269.8
Chemical waste	35,638.0	131,029.7	135,145.0
Grease Waste	12,263.0	42,809.0	38,340.0
Contaminated Waste	2,793.0	28,027.3	68,766.1
Busted Fluorescent Lamps	69,520.5	28,873.5	8,311.6
Medical Waste	-	3,452.2	602.0
Expired Medicines	-	231.6	5,341.5
Other Hazardous Wastes	582,686.0	391,243.2	482,100.4
TOTAL	1,790,981.5	2,134,890.1	4,277,736.2

Other hazardous wastes include industry-specific wastes such as spent resins for water treatment plants of Manila Water and IMI.

HAZARDOUS WASTE GENERATED BY COMPANY IN KG (306-4)	2017	2018	2019
AC Motors	430,153.0	276,906.8	217,549.8
AC Energy	-	416,832.8	1,137,100.7
AC Health	-	3,683.8	5,943.5
AC Infra	1,379.9	74,672.5	60,608.7
Ayala Land	97,448.2	112,761.1	1,301,588.0
Globe	361,313.9	449,779.6	528,991.6
IMI	757,659.0	732,324.3	970,395.8
iPeople			27,842.8
Manila Water	143,027.5	67,929.2	27,715.5
TOTAL	1,790,981.5	2,134,890.1	4,277,736.2

IMI Global sites in China, Mexico and Bulgaria started reporting in 2017.

AC Energy, AC Health and IMI Global sites in Czech Republic, Serbia, Japan (VIA), and London (STI) and Cebu (Phils) started reporting in 2018.

BATTERIES IN KG	2017	2018	2019
AC Motors	14,922.0	34,585.2	53.0
AC Energy		4,436.5	10,573.1
AC Infra		474.1	1,568.5
Ayala Land	19,927.1	11,602.1	575,526.0
Globe	116,298.0	150,720.0	448,269.0
IMI	3,208.0	4,659.0	1,043.5
Manila Water	7,533.5	2,047.2	3,236.8
TOTAL	161,888.6	208,524.1	1,040,269.8

ELECTRONIC WASTES IN KG	2017	2018	2019
AC Motors		0.1	-
AC Energy		625.0	1,681.0
AC Infra	153.5	58.0	-
Ayala Land	4,399.8	2,349.4	716,267.5
Globe	224,290.7	288,242.6	77,103.9
IMI	172,460.0	282,796.5	356,435.0
Manila Water	1,140.0	27.6	-
TOTAL	402,444.0	574,099.1	1,151,487.3

USED OIL IN KG	2017	2018	2019
AC Motors	415,231.0	210,702.5	216,995.8
AC Energy		394,617.0	1,039,235.3
AC Infra	1,226.4	10,029.5	54,211.5
Ayala Land	20,494.8	82,403.5	9,794.5
Globe	8,462.2	4,750.0	1,340.0
IMI	14,204.0	17,534.9	12,105.2
Manila Water	64,130.0	6,563.0	13,690.1
TOTAL	523,748.4	726,600.3	1,347,372.4

CHEMICAL WASTE IN KG	2017	2018	2019
IMI	35,478.0	130,796.6	106,965.2
iPeople			27,842.8
Manila Water	160.0	233.1	337.1
TOTAL	12,263.0	42,809.0	135,145.1

GREASE WASTE IN KG	2017	2018	2019
AC Energy			200.0
Globe	12,263.0	6,067.0	898.0
IMI	-	30,367.0	29,522.0
Manila Water	-	6,375.0	7,720.0
TOTAL	12,263.0	42,809.0	38,340.0

EXPIRED MEDICINES	2017	2018	2019
AC Health	-	231.6	5,341.5

MEDICAL WASTES	2017	2018	2019
AC Health	-	3,452.2	602.0

BUSTED FLUORESCENT LAMPS IN KG	2017	2018	2019
AC Energy		105.8	539.6
AC Infra		3,730.5	4,169.5
Ayala Land	52,626.5	16,406.2	-
Globe		-	1,150.7
IMI	330.0	1,182.0	1,893.6
Manila Water	16,564.0	7,449.0	558.2
TOTAL	69,520.5	28,873.5	8,311.6

CONTAMINATED WASTES	2017	2018	2019
Globa	-	-	230.0
IMI	2,793.0	27,795.3	66,774.1
Manila Water	-	232.03	1,762.0
TOTAL	2,793.0	28,027.3	68,766.1

OTHER HAZARDOUS WASTES	2017	2018	2019
AC Motors	-	31,619.0	501.0
AC Energy	-	17,048.5	84,871.7
AC Infra	-	60,380.4	659.2
IMI	529,186.0	237,193.0	395,657.2
Manila Water	53,500.0	45,002.3	411.3
TOTAL	582,686.0	391,243.2	482,100.4

WATER

WATER CONSUMPTION FROM WATER UTILITIES IN CUBIC METERS (303-1)	2017	2018	2019
AC Motors	38,818.0	73,594.1	66,578.3
iPeople	43,933.0	79,148.3	141,027.4
AC Energy	161,499.0	232,439.4	688,370.3
AC Health	21,179.1	125,734.4	374,201.4
AC Infra	80,950.0	80,938.5	69,599.2
Ayala Land	12,868,284.0	14,235,297.0	11,880,509.9
BPI	387,087.1	381,442.6	373,285.3
Globe	104,129.9	383,261.2	395,737.2
IMI	1,078,175.0	2,322,189.3	1,446,894.0
TOTAL	14,784,055.1	17,914,044.9	15,436,203.0
Water Intensity (cubic meters/million pesos revenue)	33.46	35.53	28.79
Water Productivity (million pesos revenue/ cubic meters)	0.03	0.03	0.03

This table refers to the water consumed by Ayala companies from utility providers, including Manila Water. Manila Water's consumption is reported under Water Abstraction from Natural Sources

WATER ABSTRACTION FROM NATURAL SOURCES IN MILLION CUBIC METERS (303-1)	2017	2018	2019
Water abstracted from ground water	89.0	85.2	93.2
Water abstracted from surface water	768.4	779.5	1,000.8
Total water abstracted from natural sources	857.4	864.8	1,094.0
Percent abstracted from groundwater	10%	10%	9%
Percent abstracted from surface water	90%	90%	91%

ENERGY

TOTAL ENERGY CONSUMED WITHIN THE ORGANIZATION IN GIGAJOULES (302-1)	2017	2018	2019
Diesel	732,119.9	939,166.0	2,465,532.7
Gasoline	149,059.7	153,498.1	196,279.0
Sub-bituminous coal	69,600,117.0	67,949,427.6	54,114,908.7
Purchased electricity	4,736,948.4	5,080,313.2	5,844,439.5
TOTAL DIRECT ENERGY CONSUMPTION	75,218,245.0	74,122,404.9	62,621,159.9
Total Energy Intensity (Gigajoules/million pesos revenue)	162.2	140.8	112.1
Total Energy Productivity (million pesos revenue/ gigajoules)	0.01	0.01	0.01

DIESEL CONSUMPTION IN LITERS	2017	2018	2019
AC Motors	62,059.9	181,840.0	139,921.1
AC Energy	596,865.0	2,762,126.8	43,665,929.0
AC Infra	74,891.7	72,835.9	120,747.2
Ayala Land	7,117,510.9	10,812,952.0	8,865,510.0
Globe	9,922,205.6	9,371,930.5	10,864,543.9
IMI	98,701.0	113,400.3	129,815.2
Manila Water	1,246,410.0	1,210,377.8	598,670.9
TOTAL	19,118,644.1	24,525,463.2	64,385,137.2

ENERGY CONSUMPTION FROM DIESEL IN GIGAJOULES	2017	2018	2019
AC Motors	2,376.5	6,963.3	5,358.1
AC Energy	22,856.1	105,771.5	1,672,121.5
AC Infra	2,867.9	2,789.1	4,623.8
Ayala Land	272,554.5	414,065.8	339,491.4
Globe	379,956.0	358,884.1	416,041.5
IMI	3,779.6	4,342.5	4,971.1
Manila Water	47,729.4	46,349.6	22,925.2
TOTAL	732,119.9	939,166.0	2,465,532.7

GASOLINE CONSUMPTION IN LITERS	2017	2018	2019
AC Motors	242,132.6	140,521.7	103,179.2
AC Energy	8,660.0	15,407.3	1,964,091.3
AC Infra	2,933.2	2,917.7	6,674.8
Ayala Land	213,392.9	333,654.0	297,446.1
Globe	3,656,970.6	3,726,733.4	3,044,116.9
IMI	46,025.0	43,598.9	57,751.6
Manila Water	130,613.0	165,953.7	189,858.0
TOTAL	4,300,727.3	4,428,786.8	5,663,117.9

The increase in diesel and gasoline consumption in 2019 is primarily due to AC Energy's acquisition of AC Energy PH, which controls 6 diesel plants.

ENERGY CONSUMPTION FROM GASOLINE IN GIGAJOULES	2017	2018	2019
AC Motors	8,392.1	4,870.4	3,576.1
AC Energy	300.1	534.0	68,073.8
AC Infra	101.7	101.1	231.3
Ayala Land	7,396.0	11,564.2	10,309.2
Globe	126,747.6	129,165.5	105,506.6
IMI	1,595.2	1,511.1	2,001.6
Manila Water	4,526.9	5,751.8	6,580.3
TOTAL	149,059.7	153,498.1	196,279.0

COAL CONSUMPTION OF AC ENERGY'S THERMAL PLANTS IN TONNES	2017	2018	2019
SLTEC	1,239,802.0	837,305.8	782,489.3
GMCP	2,867,062.0	3,161,711.0	2,569,563.9
TOTAL	4,106,864.0	3,999,016.8	3,352,053.2

ENERGY CONSUMPTION FROM COMBUSTION OF COAL BY AC ENERGY'S THERMAL PLANTS IN GIGAJOULES	2017	2018	2019
SLTEC	22,437,639.0	15,002,349.9	9,467,050.4
GMCP	47,162,478.0	52,947,077.7	44,647,858.3
TOTAL	69,600,117.0	67,949,427.6	54,114,908.7

Computed based on actual net heat rate of coal used in each plant. SLTEC have lower energy consumption due to shutdown of its Unit 2 boiler in Q3 of 2018.

ENERGY CONSUMED FROM FUEL COMBUSTION IN GIGAJOULES (302-1)	2017	2018	2019
Diesel	732,119.9	939,166.0	2,410,378.8
Gasoline	149,059.7	153,498.1	192,431.4
Sub-bituminous coal	69,600,117.0	67,949,427.6	54,114,908.7
TOTAL DIRECT ENERGY CONSUMPTION	70,481,296.6	69,042,091.7	56,717,719.0
Total Fuel Intensity (Gigajoules/million pesos revenue)	180.3	154.8	123.8

PURCHASED ELECTRICITY IN KILOWATT-HOURS	2017	2018	2019
AC Motors	7,418,881.0	7,401,169.5	6,358,871.7
iPeople	2,725,524.0	4,402,754.9	13,003,678.9
AC Energy (houseload and purchased through WESM)	3,274,373.0	3,274,373.0	24,635,067.7
AC Health	1,364,502.4	2,379,785.0	3,898,179.5
AC Infra	49,460,939.0	50,688,587.1	49,479,357.0
Ayala Land	374,007,591.0	405,575,881.4	469,696,282.0
BPI	48,832,505.6	50,063,314.7	46,260,819
Globe	482,360,321.0	484,421,708.0	602,550,201.8
IMI	125,678,679.6	174,060,698.4	162,817,770.5
Manila Water	223,693,094.7	228,577,259.6	244,394,741.2
HCX	103,000.0	114,230.0	257,429.0
AffinityX	173,968.0	238,336.0	103,023.0
TOTAL PURCHASED ELECTRICITY	1,315,819,006.3	1,411,198,097.5	1,623,455,421.6
Electricity Intensity in MWh per million peso revenue	2.9	2.7	2.9

ELECTRICITY/ INDIRECT ENERGY IN GIGAJOULES	2017	2018	2019
AC Motors	26,708.0	26,644	22,892
iPeople	9,811.9	15,849.9	46,813.2
AC Energy (through WESM)		11,788	88,686
AC Health	4,912.2	8,567.2	14,033.4
AC Infra	178,059.4	182,478.9	178,125.7
Ayala Land	1,346,427	1,460,073	1,690,906.6
BPI	175,797.0	180,228	166,539
Globe	1,736,497.2	1,743,918.1	2,169,180.7
IMI	452,443.2	452,443.2	586,144.0
Manila Water	805,295.1	822,878.1	879,821.1
HCX	370.8	411.2	926.7
AffinityX	626.3	858.0	370.9

TOTAL ENERGY CONSUMPTION FROM PURCHASED ELECTRICITY IN GIGAJOULES	4,736,948.4	4,906,137.9	5,844,439.5
---	-------------	-------------	-------------

ENERGY CONSUMED OUTSIDE THE ORGANIZATION IN GIGA JOULES (302-2)	2017	2018	2019
AC Motors (initial fuel load of sold vehicles)	5,238.5	2,534.3	5,597.8
AC Energy(fuel of outsourced fleet)	5,590.9	12,829.5	9,002.5
AC Health (fuel of outsourced fleet)	0.0	1,499.3	0.0
AC Infra (fuel of outsourced fleet)	826.4	2,283.6	21,525.4
Ayala Land (electricity consumption of tenants)	1,477,827.7	1,735,214.1	1,614,517.0
BPI (fuel of leased armored vehicles)	29,476.1	13,607.8	0.0
IMI (fuel of outsourced fleet)	36,266.4	25,708.1	30,640.4
Manila Water (fuel of desludging trucks)	22,888.7	23,016.2	17,236.1
TOTAL	1,578,114.6	1,816,692.9	1,698,519.2

ELECTRICITY CONSUMED OUTSIDE THE ORGANIZATION IN KILOWATT-HOURS	2017	2018	2019
Ayala Land	410,507,701.0	482,003,903.0	448,476,945.1

Diesel Consumed Outside the Organization in Liters	2017	2018	2019	Gasoline Consumed Outside the Organization in Liters	2017	2018	2019
AC Motors	135,489.8	64,160.1	71,169.6	AC Motors	1,445.1	2,233.9	82,877.7
AC Energy	146,000.0	310,244.4	214,681.2	AC Energy	-	27,386.7	22,550.0
AC Health	-	39,154.0	-	AC Infra	913.2	43,963.0	-
AC Infra	20,753.9	19,843.4	562,116.0	IMI	35,000.0	63,473.0	32,700.3
BPI	769,741.9	355,354.8	-	TOTAL	37,358.3	137,056.5	138,128.1
IMI	915,385.0	476,423.0	770,550.3				
Manila Water	597,717.4	601,046.2	450,105.7				
TOTAL	2,585,087.9	1,866,225.8	2,068,622.8				

Emissions

Total GHG Emissions in Tonnes CO2e Scope 1 Direct Energy Emissions (305-1)	2017	2018	2019	GHG Emissions Based on Equity in Tonnes CO2e Scope 1 Direct Energy Emissions (305-1)	2017	2018	2019
AC Motors	1,131.3	769.1	415.8	AC Motors	1,131.3	769.1	491.9
AC Energy	7,359,204.3	6,949,775.3	5,479,081.7	AC Energy	1,790,232.1	1,603,275.9	967,724.7
AC Infra	147.0	198.2	334.3	AC Infra	51.4	69.4	334.3
Ayala Land	89,171.6	31,388.1	66,603.0	Ayala Land	41,999.8	14,749.3	29,571.7
Globe	38,531.8	36,167.2	36,574.2	Globe	11,944.8	11,186.5	11,312.4
IMI	369.0	402.9	406.7	IMI	188.2	205.5	207.4
Manila Water	3,702.1	3,620.5	4,623.7	Manila Water	1,910.3	1,860.9	2,376.6
AC Energy (renewables)	(196,224.2)	(342,070.6)		AC Energy (renewables)	(92,192.6)	(115,669.7)	
TOTAL	7,492,257.0	7,022,321.2	5,588,039.4	TOTAL	1,847,457.9	1,632,116.5	1,012,019.1
Scope 1 Intensity (tonnes CO2e per MPhp revenue)	19.2	15.7	12.2	Scope 1 Intensity (tonnes CO2e per MPhp revenue)	4.73	3.66	2.21

As a holding company, Ayala Corporation's greenhouse gas emissions are reported based on equity ownership. By doing so, we are able to make informed investment decisions based on the carbon footprint of the assets we own.

Our Scope 1 emissions include the direct combustion of various diesel and gasoline among our companies' generator sets and company-owned vehicles, as well as, the combustion of coal in AC Energy's thermal plants.

Standards used for the computations are based on the GHG Protocol Corporate Accounting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.

Total GHG Emissions in Tonnes CO2e Scope 2 Indirect Energy Emissions (305-2)	2017	2018	2019	GHG Emissions Based on Equity in Tonnes CO2e Scope 2 Indirect Energy Emissions (305-2)	2017	2018	2019
AC Motors	4,444.5	5,365.9	4,855.1	AC Motors	4,444.5	5,365.9	4,855.1
iPeople	1,644.0	3,135.6	9,324.8	iPeople	1,644.0	3,135.6	3,123.8
AC Energy		765.5	16,218.4	AC Energy		765.5	8,703.1
AC Health	823.1	1,717.1	2,788.5	AC Health	823.1	1,717.1	2,788.5
AC Infra	29,385.1	30,181.5	35,241.9	AC Infra	29,385.1	30,181.5	12,585.5
Ayala Land	210,931.0	242,275.7	258,606.0	Ayala Land	99,348.5	113,845.4	114,821.1
BPI	28,700.6	35,860.7	32,947.0	BPI	13,833.7	17,435.5	16,012.2
Globe	271,458.8	352,389.6	435,073.8	Globe	84,152.2	108,994.1	134,568.3
IMI	89,508.4	123,966.0	102,436.1	IMI	45,649.3	63,222.7	52,242.4
Manila Water	157,058.6	164,014.3	173,750.6	Manila Water	81,042.2	84,303.4	89,307.8
HCX	62.1	81.4	1,022.8	HCX	62.1	81.4	1,022.8
AffinityX	104.9	169.7	183.3	AffinityX	104.9	169.7	183.3
TOTAL	794,121.2	959,923.1	1,072,448.4	TOTAL	360,489.7	429,217.7	440,214.0
Scope 2 Intensity (tonnes CO2e per MPhp revenue)	1.7	1.9	1.9	Scope 2 Intensity (tonnes CO2e per MPhp revenue)	0.8	0.9	0.8

Our Scope 2 emissions include the indirect energy emissions from the purchase of electricity from the national grid.

Location-based grid emission factors used for local facilities are based on the Department of Energy (Philippines). Factors used for global sites are based on the GHG Protocol Corporate Accounting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.

Total GHG Emissions in Tonnes CO2e Scope 3 Other Indirect Emissions (305-3)	2017	2018	2019	GHG Emissions Based on Equity in Tonnes CO2e Scope 3 Other Indirect Emissions (305-3)	2017	2018	2019
AC Motors	367.2	177.0	305.3	AC Motors	367.2	177.0	305.3
AC Energy	12,472,719.3	12,040,202.9	6,129,392.9	AC Energy	2,597,166.9	2,452,032.1	547,464.9
AC Health	0.0	104.9	0.0	AC Health	0.0	104.9	0.0
AC Infra	0.0	153.0	336.1	AC Infra	0.0	153.0	203.3
Ayala Land	266,780.1	295,756.4	256,690.3	Ayala Land	125,653.4	138,975.9	113,970.5
BPI	1,958.7	952.9	0.0	BPI	944.1	463.3	0.0
Globe	1,610.4	0.0	0.0	Globe	499.2	0.0	0.0
Manila Water	1,652.9	1,610.8	1,488.1	Manila Water	852.9	828.0	764.9
IMI	2,532.7	1,790.7	1,721.9	IMI	1,291.7	913.3	878.2
TOTAL	12,747,621.2	12,340,748.7	6,389,934.6	TOTAL	2,726,775.4	2,593,647.5	663,587.0

Our Scope 3 emissions include the equivalent fuel combustion emissions of diesel and gasoline of outsourced and third-party vehicles, as well as, the equivalent fuel consumed in the transport of coal by AC Energy's thermal plants. This also covers the electricity consumption of tenants of Ayala Land properties.

Standards used for the computations are based on the GHG Protocol Corporate Accounting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.

ECONOMIC PERFORMANCE (201-1)

ECONOMIC VALUE GENERATED (PHP MILLION)	2017	2018	2019
AC Motors	33,698.38	23,156.29	27,413.16
iPeople	34.96	48.45	3,617.16
AC Energy	2,215.64	6,547.66	7,067.55
AC Health	16.30	34.39	38.99
AC Infra	6.83	22.82	50.81
Ayala Land	142,297.00	163,746.80	168,793.70
BPI	71,020.00	78,522.00	94,300.00
Globe	137,550.40	151,910.07	168,250.55
IMI	55,028.26	69,731.03	64,277.48
Manila Water	18,877.51	20,266.82	22,273.11
HCX	208.69	202.53	210.58
AffinityX	1,746.67	1,784.01	2,191.65
AC Ventures	-	-	1,642.75
TOTAL	462,700.65	515,972.87	560,157.49

OPERATING COSTS (PHP MILLION)	2017	2018	2019
AC Motors	31,148.60	21,486.71	26,006.66
iPeople	82.60	50.94	1,546.35
AC Energy	1,134.34	3,194.80	3,994.59
AC Health	82.45	92.61	117.65
AC Infra	79.62	48.98	50.81
Ayala Land	76,931.36	93,611.70	83,453.00
BPI	13,380.13	16,106.00	17,240.00
Globe	60,458.40	38,852.60	36,961.69
IMI	41,979.81	56,722.25	52,705.53
Manila Water	4,481.38	5,211.61	7,078.42
HCX	6.93	87.75	73.83
AffinityX	562.21	594.59	850.51
AC Ventures	-	-	1,555.95
TOTAL	230,327.83	236,060.54	231,634.98

EMPLOYEE WAGES AND BENEFITS (PHP MILLION)	2017	2018	2019
AC Motors	1,416.73	671.25	639.30
iPeople	47.05	47.19	1,197.71
AC Energy	115.00	176.86	1,107.90
AC Health	34.03	38.45	56.46
AC Infra	24.81	28.57	38.10
Ayala Land	7,007.24	6,485.60	6,766.70
BPI	13,652.65	15,161.00	17,350.00
Globe	12,236.30	13,163.66	15,364.19
IMI	9,319.86	11,310.67	11,248.93
Manila Water	2,081.64	2,342.74	2,355.24
HCX	123.15	118.56	116.96
AffinityX	1,003.76	1,049.42	1,176.12
AC Ventures	-	-	175.51
TOTAL	47,062.23	50,593.97	57,593.13

PAYMENTS TO PROVIDERS OF CAPITAL (PHP MILLION)	2017	2018	2019
AC Motors	144.81	(60.78)	632.34
iPeople	-	-	200.19
AC Energy	40.34	165.73	2,249.06
AC Health	-	-	-
AC Infra	-	-	-
Ayala Land	15,041.67	17,079.90	19,921.30
BPI	22,226.30	27,761.00	35,650.00
Globe	17,538.90	19,274.00	19,920.75
IMI	768.65	519.62	907.65
Manila Water	3,679.95	3,792.87	4,325.43
HCX	-	-	0.19
AffinityX	33.10	40.66	43.16
AC Ventures	-	-	0.00
TOTAL	59,473.71	68,573.00	83,850.08

PAYMENTS TO GOVERNMENT (PHP MILLION)	2017	2018	2019
AC Motors	206.50	261.21	311.68
iPeople	0.37	1.01	54.28
AC Energy	167.86	59.72	302.70
AC Health	2.79	6.32	0.70
AC Infra	18.34	4.44	7.92
Ayala Land	13,296.10	15,675.90	18,096.20
BPI	13,578.03	16,358.00	23,070.00
Globe	8,020.10	5,328.72	10,901.67
IMI	682.25	657.15	524.47
Manila Water	3,082.86	3,237.64	3,346.47
HCX	1.85	1.67	8.74
AffinityX	15.02	43.81	37.85
AC Ventures	-	-	18.39
TOTAL	39,072.07	41,635.60	56,750.84

PAYMENTS TO COMMUNITIES (PHP MILLION)	2017	2018	2019
AC Motors	-	-	-
iPeople	0.20	0.03	275.24
AC Energy	-	4.15	2.53
AC Health	-	-	1.10
AC Infra	-	-	-
Ayala Land	52.67	76.10	53.50
BPI	87.21	24.00	110.00
Globe	5.00	77.83	66.93
IMI	0.65	0.66	0.10
Manila Water	31.84	44.27	21.03
HCX	-	0.02	-
AffinityX	0.04	0.00	0.00
AC Ventures	-	-	0.91
TOTAL	177.62	227.06	531.34

GROUWPWIDE ECONOMIC PERFORMANCE	2017	2018	2019
Economic value generated	462,700.65	515,972.87	560,157.49
Operating cost	230,327.83	236,060.54	231,634.98
Employee wages and benefits	47,062.23	50,593.97	57,593.13
Payments to providers of capital	59,473.71	68,573.00	83,850.08
Payments to government	39,072.07	41,635.60	56,750.84
Community investments	177.62	227.06	531.34
Economic value retained	86,587.20	118,882.71	129,797.14

PARENT COMPANY ECONOMIC PERFORMANCE	2017	2018	2019
Economic value generated	259,656.58	293,487.79	309,565.00
Operating cost	168,029.26	189,661.58	187,297.05
Employee wages and benefits	21,274.78	23,786.59	28,694.33
Payments to providers of capital	20,025.44	24,719.56	31,366.00
Payments to government	50,492.09	60,866.93	71,026.44
Community investments	254.89	565.30	547.60
Economic value retained	(419.88)	(6,112.17)	(9,366.42)

EMPLOYEE ENGAGEMENT

DIRECT EMPLOYEES	2017	2018	2019
AC Motors	1,759	1,827	1,886
iPeople	1,297	1,610	2,721
AC Energy	606	572	885
AC Health	1,093	2,710	2,095
AC Infra	1,553	1,777	1,917
AFI	78	110	112
ALI	9,661	5,358	11,251
BPI	17,036	18,911	21,429
Globe	7,230	7,736	8,065
IMI	16,748	16,698	17,215
Manila Water	2,022	2,233	2,412
AffinityX	564	531	645
HCX	113	141	119
Ayala Corporation	149	154	160
AC Industrials	-	-	12
AC Ventures	-	-	1,089
TOTAL	60,009	60,368	72,013
This table includes headcount of permanent and temporary employees in local and global operations.			

PERMANENT EMPLOYEES	2017	2018	2019
AC Motors	1,759	1,801	1,868
iPeople	1,179	901	1,502
AC Energy	606	550	864
AC Health	1,093	1,967	1,949
AC Infra	1,553	1,668	1,805
AFI	78	75	79
ALI	5,040	5,358	6,180
BPI	17,036	18,911	21,420
Globe	7,206	7,716	8,048
IMI	16,748	16,358	16,424
Manila Water	2,022	2,118	2,297
AffinityX	564	445	620
HCX	113	122	112
Ayala Corporation	149	152	156
AC Industrials	-	-	12
AC Ventures	-	-	1,077
TOTAL	55,246	58,142	64,413

TEMPORARY EMPLOYEES	2017	2018	2019
AC Motors	-	26	18
iPeople	118	709	1,219
AC Energy	-	22	21
AC Health	-	743	146
AC Infra	-	109	112
AFI	-	35	33
ALI	4,621	0	5,071
BPI	-	0	9
Globe*	24	20	17
IMI	-	340	791
Manila Water	-	115	115
AffinityX	-	86	25
HCX	-	19	7
Ayala Corporation	-	2	4
AC Industrials	-	-	0
AC Ventures	-	-	12
TOTAL	4,763	2,226	7,600
Globe's 2017 and 2018 data were corrected to align with groupwide definition			

NEW EMPLOYEE HIRES	2017	2018	2019
AC Motors	450	470	651
iPeople	444	478	731
AC Energy	146	87	172
AC Health	23	931	1,142
AC Infra	188	260	301
AFI	16	31	28
ALI	1,199	1,109	1,326
BPI	3,652	3,649	4,575
Globe	753	1,220	927
IMI	4,891	6,773	8,528
Manila Water	414	432	635
AffinityX	35	124	312
HCX	28	59	42
Ayala Corporation	10	23	17
AC Industrials	-	-	8
AC Ventures	-	-	439
TOTAL	12,249	15,646	19,834

EMPLOYEE TURNOVER (401-1)	2017	2018	2019
AC Motors	309	386	578
iPeople	213	417	558
AC Energy	58	47	81
AC Health	90	455	793
AC Infra	69	100	166
AFI	13	14	31
ALI	611	668	737
BPI	1,943	1,786	2,069
Globe	155	678	605
IMI	5,541	6,381	9,057
Manila Water	186	362	292
AffinityX	31	35	193
HCX	35	158	55
Ayala Corporation	8	18	12
AC Industrials	-	-	0
AC Ventures	-	-	248
TOTAL	9,262	11,505	15,475
This table includes direct employees who retired, ended their contracts, left voluntarily, and left involuntarily			

HEADCOUNT OF SUPPORT STAFF	2017	2018	2019
AC Motors	698	295	575
iPeople	105	165	355
AC Energy	820	760	848
AC Health	90	210	24
AC Infra	162	4,076	3,625
AFI	68	51	51
ALI	53,774	54,369	44,384
BPI	2,415	2,725	2,636
Globe	8,173	4,025	3,425
IMI	567	1,395	1,108
Manila Water	405	660	196
AffinityX	19	0	0
HCX	11	10	5
Ayala Corporation	53	56	108
AC Industrials	-	-	0
AC Ventures	-	-	239
TOTAL	67,360	68,797	57,579
This table includes the support staff from the group-wide supply chain in local and global operations			

TOTAL JOBS GENERATED	2017	2018	2019
AC Motors	2,457	2,122	2,461
iPeople	1,502	1,775	3,076
AC Energy	1,426	1,332	1,733
AC Health	1,183	2,920	2,119
AC Infra	1,715	5,853	5,542
AFI	146	161	163
ALI	63,435	59,727	55,635
BPI	19,451	21,636	24,065
Globe	15,403	11,761	11,490
IMI	17,315	18,093	18,323
Manila Water	2,427	2,893	2,608
AffinityX	583	531	645
HCX	124	151	124
Ayala Corporation	202	210	268
AC Industrials	-	-	12
AC Ventures	-	-	1,328
TOTAL	127,369	129,165	129,592

PERMANENT EMPLOYEES BY GENDER	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
AC Motors	1,042	717	1,070	731	1,113	755
iPeople	481	816	349	552	637	865
AC Energy	438	168	413	137	633	231
AC Health	606	487	590	1,377	605	1,344
AC Infra	1,064	489	1,101	567	1,160	645
AFI	27	51	25	50	26	53
ALI	2,461	2,579	2,571	2,787	2,985	3,195
BPI	5,214	11,822	6,037	12,874	7,019	14,401
Globe	3,860	3,346	4,143	3,573	4,298	3,750
IMI	6,261	9,011	6,899	9,459	6,590	9,538
Manila Water	1,250	772	1,351	767	1,578	834
AffinityX	292	272	229	216	309	311
HCX	50	63	53	69	48	64
Ayala Corpo-ration	70	79	69	83	69	87
AC Industrials					7	5
AC Ventures					533	544
TOTAL	23,116	30,672	24,900	33,242	27,610	36,622
No data available from IMI sites in Germany and United Kingdom for 2017 and 2018. No data available from IMI site in Suzhou China in 2019						

PERMANENT EMPLOYEES BY AGE	2017			2018			2019		
	Below 30 years old	30-50 years old	Over 50 years old	Below 30 years old	30-50 years old	Over 50 years old	Below 30 years old	30-50 years old	Over 50 years old
AC Motors	863	800	96	858	824	119	872	870	126
iPeople	700	465	132	370	401	130	420	763	319
AC Energy	197	359	50	156	350	44	244	491	129
AC Health	636	441	16	781	612	17	1,005	922	22
AC Infra	383	959	211	375	1,058	235	445	1,108	252
AFI	23	43	12	17	42	16	20	43	16
ALI	2,144	2,552	344	2,316	2,739	303	2,733	3,071	376
BPI	8,484	7,494	1,058	9,543	8,206	1,162	11,290	8,895	1,235
Globe	1,609	5,304	293	1,908	5,490	318	1,956	5,707	385
IMI*	6,871	7,594	807	6,417	8,796	1,145	5,585	9,198	1,345
Manila Water	600	907	515	646	968	504	660	1,147	490
AffinityX	379	181	4	265	176	4	406	202	12
HCX	52	59	2	59	61	2	43	66	3
Ayala Corporation	16	76	57	17	84	51	17	83	56
AC Industrials	-	-	-	-	-	-	4	6	2
AC Ventures	-	-	-	-	-	-	536	537	4
TOTAL	22,957	27,234	3,597	23,728	29,807	4,050	26,236	33,109	4,772

*No data available from IMI sites in Germany and United Kingdom for 2017 and 2018. No data available from IMI site in Suzhou China in 2019.

PERMANENT EMPLOYEES BY POSITION	2017			2018			2019		
	Rank and File	Middle Management	Senior	Rank and File	Middle Management	Senior	Rank and File	Middle Management	Senior
AC Motors	1,588	128	43	1,622	125	54	1,678	133	57
iPeople	1,127	149	21	712	167	24	1,207	241	54
AC Energy	278	278	50	264	242	44	326	466	72
AC Health	70	18	3	1,242	151	17	1,728	195	26
AC Infra	1,091	397	65	1,119	491	58	1,314	452	39
AFI	55	20	3	3	22	50	51	25	3
ALI	3,700	1,276	64	4,249	1,081	28	4,932	1,223	25
BPI	10,427	6,411	198	12,250	6,442	219	14,068	7,133	219
Globe	2,527	4,203	476	2,790	4,446	480	2,191	5,336	521
IMI*	13,137	1,747	388	14,325	1,595	438	13,360	2,163	478
Manila Water	444	1,444	134	513	1,462	143	568	1,583	146
AffinityX	491	67	6	418	22	5	585	28	7
HCX	69	42	2	72	47	3	63	45	4
Ayala Corporation	54	71	24	58	70	24	61	72	23
AC Industrials	-	-	-	-	-	-	1	4	7
AC Ventures	-	-	-	-	-	-	733	287	57
TOTAL	35,058	16,251	1,477	39,637	16,363	1,587	42,866	19,386	1,738

No data available from IMI sites in Germany and United Kingdom for 2017 and 2018. No data available from IMI sites in Germany and Suzhou China for 2019.

TRAINING AND EDUCATION

TOTAL TRAINING HOURS (404-1)	2017	2018	2019	AVERAGE TRAINING HOURS (404-1)	2017	2018	2019
AC Motors	29,249.00	49,979.00	48,470.00	AC Motors	16.63	27.75	25.95
iPeople	37,605.50	68,485.50	50,432.50	iPeople	29.40	76.01	33.58
AC Energy	7,447.00	18,171.00	35,948.00	AC Energy	12.29	33.04	41.61
AC Health	4,332.00	10,682.00	59,750.03	AC Health	3.96	5.43	30.66
AC Infra	10,719.00	43,754.50	945,953.25	AC Infra	6.90	26.23	524.07
AFI	1,638.00	1,504.50	1,678.00	AFI	21.00	20.06	21.24
ALI	132,337.29	134,683.30	204,755.00	ALI	26.26	25.14	33.13
BPI	342,344.00	277,679.00	881,226.00	BPI	20.10	14.68	41.14
Globe	124,602.00	193,203.00	416,370.00	Globe	17.29	25.04	51.74
IMI	938,925.00	935,969.00	1,149,003.73	IMI	56.06	57.22	69.96
Manila Water	43,854.00	45,006.50	42,476.70	Manila Water	21.69	21.25	18.49
AffinityX	24,515.10	53,173.00	9,895.63	AffinityX	43.47	119.49	15.96
HCX	701.00	1,701.00	6,620.00	HCX	6.20	13.94	59.11
Ayala Corporation	4,298.00	2,733.00	3,878.29	Ayala Corporation	28.85	17.98	24.86
AC Industrials	-	-	60.50	AC Industrials	-	-	5.04
AC Ventures	-	-	5,372.00	AC Ventures	-	-	4.99
TOTAL	1,702,566.89	1,836,724.30	3,861,889.63	TOTAL	30.82	31.59	59.96

TOTAL TRAINING HOURS BY RANK (404-1)	2017			2018			2019		
	Rank and File	Middle Management	Senior	Rank and File	Middle Management	Senior	Rank and File	Middle Management	Senior
AC Motors	27,664.00	1,271.00	314.00	46,946.00	2,082.00	951.00	43,965.50	3,040.50	1,464.00
iPeople	32,187.00	4,065.00	1,353.50	62,089.50	5,592.50	803.50	26,720.50	20,451.50	3,261.00
AC Energy	1,569.00	5,638.00	240.00	7,256.00	8,821.00	1,544.00	22,505.50	12,481.50	1,350.00
AC Health	2,844.00	1,416.00	72.00	7,710.00	1,188.00	1,784.00	56,538.03	2,612.00	600.00
AC Infra	2,127.00	7,730.00	862.00	17,788.00	25,204.00	517.50	711,367.00	232,240.25	2,346.00
AFI	1,027.00	554.00	57.00	857.00	452.50	195.00	899.00	611.00	168.00
ALI	89,275.19	39,725.10	3,337.00	105,314.00	29,057.25	312.00	154,125.00	50,429.00	201.00
BPI	250,360.00	90,848.00	1,136.00	206,047.00	70,680.00	952.00	468,676.00	404,092.00	8,458.00
Globe	30,884.00	91,953.00	1,765.00	57,440.00	128,959.00	6,196.00	123,984.00	281,246.00	11,140.00
IMI	817,724.00	107,666.00	13,535.00	787,277.00	134,714.00	14,266.00	1,030,155.55	101,428.28	17,646.60
Manila Water	2,351.00	38,735.00	2,768.00	3,123.00	35,862.50	6,021.00	5,722.00	33,991.70	2,763.00
AffinityX	23,039.00	1,177.00	300.00	52,725.00	362.00	86.00	9,840.00	48.38	7.25
HCX	156.00	521.00	24.00	819.00	851.00	32.00	3,863.50	2,453.50	303.00
Ayala Corporation	1,985.00	2,217.00	96.00	976.00	1,687.00	70.00	2,121.63	1,682.41	74.25
AC Industrials	-	-	-	-	-	-	11.50	0.00	49.00
AC Ventures	-	-	-	-	-	-	2,292.00	2,512.00	112.00
TOTAL	1,283,192.19	393,516.10	25,859.50	1,356,367.50	445,512.75	33,730.00	2,662,786.71	1,149,320.02	49,943.10

AYALA GROUP MANAGEMENT COMMITTEE MEMBERS PROFILES

AVERAGE TRAINING HOURS BY RANK (404-1)	2017			2018			2019		
	Rank and File	Middle Management	Senior	Rank and File	Middle Management	Senior	Rank and File	Middle Management	Senior
AC Motors	32.06	1.59	3.27	54.72	2.53	7.99	26.20	22.86	25.68
iPeople	45.98	8.74	10.25	167.81	13.95	6.18	22.14	84.86	60.39
AC Energy	7.96	15.70	4.80	46.51	25.20	35.09	69.04	26.78	18.75
AC Health	4.47	3.21	4.50	9.87	1.94	104.94	32.72	13.39	23.08
AC Infra	5.55	8.06	4.09	47.43	23.82	2.20	541.38	513.81	60.15
AFI	44.65	12.88	4.75	50.41	10.77	12.19	17.63	24.44	56.00
ALI	41.64	15.57	9.70	45.47	10.61	1.03	31.25	41.23	8.04
BPI	29.51	12.12	1.07	21.59	8.61	0.82	33.32	56.65	38.62
Globe	19.19	17.34	6.02	30.10	23.49	19.48	56.59	52.71	21.38
IMI	119.01	14.18	16.77	122.69	15.32	12.46	77.11	46.89	36.92
Manila Water	3.92	42.71	5.37	4.83	37.05	11.95	10.07	21.47	18.92
AffinityX	60.79	6.50	75.00	198.96	2.06	21.50	16.82	1.73	1.04
HCX	3.00	8.83	12.00	13.88	13.95	16.00	61.33	54.52	75.75
Ayala Corporation	124.06	29.17	1.68	57.41	20.08	1.37	34.78	23.37	3.23
AC Industrials	-	-	-	-	-	-	11.50	0.00	7.00
AC Ventures	-	-	-	-	-	-	3.13	8.75	1.96
TOTAL	55.90	14.45	7.19	57.16	14.95	8.33	101.49	34.71	10.47

GRI Reference Claim Table

This material references:

- Disclosure 102-7 from GRI 102: General Disclosures 2016
- Disclosure 201-1 and 201-2 from GRI 201: Economic Performance 2016,
- Disclosure 204-1 from GRI 204: Procurement Practices 2016,
- Disclosure 205-3 from GRI 205: Anti-corruption 2016,
- Disclosures 302-1, 302-2 and 302-3 from GRI 302: Energy 2016,
- Disclosures 303-1, 303-2, 303-3 and 303-5 from GRI 303: Water and Effluents 2018,
- Disclosure 304-3 from GRI 304: Biodiversity 2016,
- Disclosures 305-1, 305-2, 305-3 and 305-4 from GRI 305: Emissions 2016,
- Disclosure 306-2 from GRI 306: Effluents and Waste 2016,
- Disclosure 308-2 from GRI: Supplier Environmental Assessment 2016,
- Disclosure 401-1 from GRI 401: Employment 2016,
- Disclosure 403-9 from GRI 403: Occupational Health and Safety 2018,
- Disclosures 404-1 and 404-2 from GRI 404: Training and Education 2016,
- Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016,
- Disclosure 408-1 from GRI 408: Child Labor 2016,
- Disclosure 409-1 from GRI 409: Forced or Compulsory Labor 2016,
- Disclosure 410-1 from GRI 410: Security Practices 2016
- Disclosure 413-1 from GRI 413: Local Communities 2016,
- Disclosure 414-2 from GRI 414: Supplier Social Assessment 2016,
- Disclosure 418-1 from GRI 418: Customer Privacy 2016, and
- Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016.

JOSE RENE GREGORY D. ALMENDRAS, Filipino, 59
Senior Managing Director

President and Chief Executive Officer of Manila Water Company, Inc. and AC Infrastructure Holdings Corporation and member of the Ayala Corporation Management Committee and the Ayala Group Management Committee since August 2016

Academic/Professional Qualifications

- B.S. in Business Management degree from the Ateneo de Manila University in 1981
- Strategic Business Economics Program from University of Asia & the Pacific in 1999
- Former President of Manila Water Company, Inc.
- Former officer in Ayala Land, Inc.
- Secretary of Foreign Affairs for the Republic of the Philippines from March to June 2016
- Cabinet Secretary under the Office of the President from November 2012 to March 2016
- Secretary of the Department of Energy from July 2010 to October 2012
- Former CEO and President of City Savings Bank of the Aboitiz Group at the age of 37
- Spent 13 years with the Citibank where he started as a management trainee

Present Directorship(s)/Position(s)

- Chairman of the Executive Committee of Manila Water Company, Inc.
- Director of AF Payments Inc. Light Rail Manila Holdings, Inc. MCX Tollway Inc. and AC Energy Philippines, Inc.

CEZAR P. CONSING, Filipino, 60
Senior Managing Director

President and CEO of Bank of the Philippine Islands and Member of the Ayala Group Management Committee since April 2013

Academic/Professional Qualifications

- A.B (Accelerated Program) Economics (Magna Cum Laude) from De La Salle University in 1979
- M.A. Applied Economics from the University of Michigan, Ann Arbor, in 1980
- Worked for BPI's corporate planning and corporate

banking divisions from 1980 – 1985

- Senior Managing Director J.P. Morgan & Co. in Hong Kong and Singapore from 1985 – 2004; co-head of the firm's investment banking business in Asia Pacific from 1997 – 2004; member of the firm's global investment banking management committee and its Asia Pacific management committee; President of J.P. Morgan Securities (Asia Pacific) Ltd. from 1999 – 2004
- Partner at The Rohatyn Group from 2004 – 2013, ran its Hong Kong office and its private investing business in Asia, and was a board director of its real estate, and energy and infrastructure private equity investing subsidiaries

Present Directorship(s)/Position(s)

- Independent Director of Jollibee Foods Corporation
- President of Bancnet, Inc.
- Chairman of Philippine Dealing Systems Holdings Corp.
- Chairman and President of the Bankers Association of the Philippines
- Director of LGU Guarantee Corporation, Filgifts. com., The Rohatyn Group, Sqreem Technologies and Endeavor Philippines
- Director of the US-Philippines Society, Trustee of the Manila Golf Club Foundation, and a member of the Trilateral Commission

BERNARD VINCENT O. DY, Filipino, 56
Senior Managing Director

President and Chief Executive Officer of Ayala Land, Inc. and member of the Ayala Group Management Committee since April 2014

Academic/Professional Qualifications

- B.B.A Accountancy from the University of Notre Dame in 1985
- Master's Degree in Business Administration in 1997 and in International Relations in 1989, both at the University of Chicago
- Worked as Head of the Ayala Land, Inc.'s Residential Business, Commercial Business and Corporate Marketing and Sales

Present Directorship(s)/Position(s)

- Director of Cebu Holdings, Inc, AyalaLand Logistics Holdings Corp.. and MCT Bhd of Malaysia
- Chairman of Alveo Land Corp., Ayala Property Management Corporation, Makati Development Corporation, Amaia Land Corporation, Avencosouth Corp., Bellavita Land Corporation, Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Nuevocentro, Inc., Portico Land Corp. and Philippine Integrated Energy Solutions, Inc.
- Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc.
- Director and President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation and Accendo Commercial Corp.
- President of the Hero Foundation Incorporated and Bonifacio Art Foundation, Inc.
- Director of Avida Land Corp., Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation and AKL Properties, Inc.
- Trustee of Ayala Foundation, Inc. and Ayala Group Club, Inc.
- Member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police

JOSE TEODORO K. LIMCAOCO, Filipino, 57
Senior Managing Director

Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, Finance Group Head, and member of Ayala Corporation Management Committee and the Ayala Group Management Committee since 2015

Academic/Professional Qualifications

- BS Mathematical Sciences (Honors Program) from Stanford University in 1984
- MBA (Finance and Investment Management) from the Wharton School of the University of Pennsylvania in 1988
- Former President of BPI Family Savings Bank, and BPI Capital Corporation, Officer-in-Charge for Ayala Life Assurance, Inc. and Ayala Plans, Inc., Trustee

- and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc.
- President of the Chamber of Thrift Banks from 2013 – 2015
- Worked with JP Morgan & Co. and with BZW Asia

Present Directorship(s)/Position(s)

- Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc.
- Independent director of SSI Group, Inc.
- Chairman of Darong Agricultural and Development Corporation and Zapfam Inc.
- Vice Chairman of Lagdigan Land Corporation
- President and CEO of AC Ventures Holding Corp., AYC Finance Limited, Bestfull Holdings Limited and Purefoods International Limited
- President of Liontide Holdings, Inc. and Philwater Holdings Company, Inc.
- Director of Ayala Hotels, Inc., AC Energy, Inc., Ayala Healthcare Holdings, Inc., AC Infrastructure Holdings Corporation, Ayala Aviation Corporation, AC Education, Inc., Asiacom Philippines, Inc., Ayala Group Legal, Michigan Holdings, Inc., AC Industrial Technology Holdings, Inc., A.C.S.T Business Holdings, Inc., LICA Management Inc., and Just For Kids, Inc.
- Treasurer of Ayala Retirement Fund Holdings, Inc.

ARTHUR R. TAN, Filipino, 60
Senior Managing Director

President and Chief Executive Officer of AC Industrial Technology Holdings, Inc., Chief Executive Officer of Integrated Micro-Electronics, Inc. (IMI) and member of the Ayala Group Management Committee since 2002

Academic/Professional Qualifications

- B.S. in Electronics Communications Engineering degree from Mapua Institute of Technology in 1982
- Post-graduate programs at the University of Idaho, Singapore Institute of Management, IMD and Harvard Business School
- President of IMI from July 2001 to June 2016
- Managing Director for Asia Pacific Region/Japan of American Microsystems Inc. from 1998 to 2001
- Northeast Area Sales Manager and Acting Design Center Manager of American Microsystems Inc. (Massachusetts, USA) from 1994 to 1998

Present Directorship(s)/Position(s)

- Chairman of the Board and Chief Executive Officer of PSi Technologies Inc. and Merlin Solar Technologies (Phils.), Inc.

- Chairman of the Board of Surface Technology International (STI), Ltd.
- President and Chief Executive Officer of Speedy-Tech Electronics Ltd.
- Chairman of the Advisory Board of Via Optronics GmbH and MT Technologies GmbH

ERNEST LAWRENCE L. CU, Filipino, 59

President and Chief Executive Officer of Globe Telecom, Inc and member of the Ayala Group Management Committee since January 2009

Academic/Professional Qualifications

- BS Industrial Management Engineering from De La Salle University in 1982
- Master’s Degree in Business Administration at the J.L. Kellogg Graduate School of Management in 1984
- President and CEO of SPI Technologies, Inc. prior to joining Globe

Present Directorship(s)/Position(s)

- Trustee of Ayala Foundation, Inc. and Hero Foundation, Inc.
- Director of various subsidiaries of Globe Telecom, Inc.

ALFREDO I. AYALA, Filipino, 58
Managing Director

President and Chief Executive Officer of LiveIt Investments Limited, Chief Operating Officer of iPeople, Inc., and member of the Ayala Group Management Committee since June 2006

Academic/Professional Qualifications

- B.A. in Development Studies (Honors) and Economics from Brown University in 1982
- MBA from the Harvard Graduate School of Business Administration in 1987

Present Directorship(s)/Position(s)

- Director of Affinity Express Holdings, Ltd., and Azalea International Venture Partners Limited
- Chairman and President of AC College of Enterprise and Technology, Inc., National Teachers College, and LINC Institute
- Chairman of Affordable Private Education Center, Inc., Newbridge International Investments Limited and University of Nueva Caceres
- Vice Chairman and Vice President of Affinity Express Philippines, Inc.
- Trustee of Ayala Foundation, Inc and Philippine Business for Education (PBE)

PAOLO MAXIMO F. BORROMEIO, Filipino, 42
Managing Director

Corporate Strategy and Development Group Head, President and Chief Executive Officer of Ayala Healthcare Holdings, Inc., and member of Ayala Corporation Management Committee and the Ayala Group Management Committee since September 2014

Academic/Professional Qualifications

- B.S. degree in Management Engineering from the Ateneo de Manila University
- Master’s in Business Administration with honors from the Wharton School at the University of Pennsylvania
- Former Principal at Booz & Company, a global strategy consulting firm, based in San Francisco, California, USA

Present Directorship(s)/Position(s)

- President and Chief Executive Officer of Ayala Healthcare Holdings, Inc. and of Zapfam, Inc.
- Vice Chairman of the Generika Group of Companies
- Director of AC Ventures Holding Corp., AC Industrial Technology Holdings Inc., HCX Technology Partners, Inc., Ayala International Holdings Limited, AG Holdings Limited and LiveIt Investments Limited

JOHN ERIC T. FRANCIA, Filipino, 48
Managing Director

President and Chief Executive Officer of AC Energy, Inc and member of the Ayala Corporation Management Committee and the Ayala Group Management Committee since January 2009

Academic/Professional Qualifications

- BA in Humanities and Political Economy (magna cum laude) from the University of Asia & the Pacific in 1993
- Master’s Degree in Management Studies (First Class Honors) at the University of Cambridge in the United Kingdom in 1995
- Former Corporate Strategy and Development Group Head of Ayala Corporation
- Former Senior consultant and member of the management team of Monitor Group, a strategy consulting firm based in Cambridge, Massachusetts, USA

Present Directorship(s)/Position(s)

- Director of Purefoods International Limited, Ayala Healthcare Holding, Inc., AC College of Enterprise

and Technology, Inc., LINC Institute, Inc., AC Ventures Holding Corp., Ayala Aviation Corporation, Zapfam, Inc., Northwind Power Development Corporation, North Luzon Renewable Energy Corporation, Light Rail Manila Corporation, AC Infrastructure Holdings Corporation, Ayala Hotels, Inc., Michigan Holdings, Inc., and other various companies under the AC Energy Group

SOLOMON M. HERMOSURA, Filipino, 57
Managing Director

Chief Legal Officer, Corporate Secretary, Chief Compliance Officer, Data Protection Officer and Corporate Governance Group Head, and member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010

Academic/Professional Qualifications

- Bachelor of Laws (Valedictorian and top 3 in the 1986 Bar Examination) from San Beda College in 1986

Present Directorship(s)/Position(s)

- President and Chief Executive Officer of Ayala Group Legal
- Corporate Secretary and Group General Counsel of Ayala Land, Inc.
- Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro-Electronics, Inc., AC Energy Philippines, Inc. and Ayala Foundation, Inc.
- Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group
- Member of the faculty of the College of Law of San Beda University

RUEL T. MARANAN, Filipino, 57
Managing Director

President of Ayala Foundation, Inc.

Academic/Professional Qualifications

- AB Social Sciences degree from the Ateneo de Manila University
- Bachelor of Laws degree from the University of Santo Tomas
- Leadership Management Program from Harvard University
- Group Director of Manila Water Company, Inc. (MWC)’s Corporate Human Resources Group from 2004 to 2014

Present Directorship(s)/Position(s)

- Director of Asticom Technology, Inc. and People’s Management of the Philippines Foundation
- Member of the Board of Advisers of Natasha Goulbourn Foundation
- Member of the board of representatives of CIFAL Philippines

JOHN PHILIP S. ORBETA, Filipino, 58
Managing Director

Chief Human Resources Officer, Group Head for Corporate Resources, and member of the Ayala Corporation Management Committee since May 2005 and the Ayala Group Management Committee since April 2009

Academic/Professional Qualifications

- A.B. Economics from the Ateneo de Manila University in 1982
- Former President and CEO of Ayala Automotive Holdings Corporation and Automobile Central Enterprise, Inc. (Philippine importer of Volkswagen)
- Former Chairman and CEO of Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc. and Iconic Dealership, Inc.
- Former Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson)

Present Directorship(s)/Position(s)

- Chairman of Ayala Aviation Corporation, Ayala Group HR Council, Ayala Group Corporate Security Council and Ayala Business Clubs
- Chairman and President of HCX Technology Partners, Inc.
- Vice Chairman of Ayala Group Club, Inc.
- Director of AG Counselors Corporation, AC Industrial Technology Holdings, Inc., Ayala Foundation Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., ZapFam Inc., Generika Group of Companies, BPI Family Bank, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Global Multi-Asset Income Fund, Inc., ALFM Retail Corporate Fixed Income Fund, Inc. and the Philippine Stock Index Fund Corporation

SENIOR LEADERSHIP

ASSOCIATE DIRECTOR

Yla Patricia G. Alcantara
Maria Susana C. Bables
Robert Michael N. Baffrey
Celeste M. Jovenir
Guillermo M. Luz
Gabino Ramon G. Mejia
Reinabelle C. Reyes
Vivian L. Santamaria
Gabriel Q. Villaluz

EXECUTIVE DIRECTOR

Josette Adrienne A. Abarca
Fatima P. Agbayani
Catherine H. Ang
Estelito C. Biacora
Josephine D. De Asis
Emily C. De Lara
Rosallie A. Dimaano
Felipe Antonio P. Estrella
Romualdo L. Katigbak
Noel Eli B. Kintanar
Jenara Rosanna F. Ong
Alfonso Javier D. Reyes
Ma. Victoria P. Sugapong
Ma. Victoria A. Tan
Norma P. Torres

MANAGING DIRECTOR

Emmanuel A. Aligada
Alfredo Antonio I. Ayala
Paolo Maximo F. Borromeo
Ma. Cecilia T. Cruzabra
John Eric T. Francia
Solomon M. Hermosura
Ruel T. Maranan
John Philip S. Orbeta
Ginaflor C. Oris
Virgilio C. Rivera
Sheila Marie U. Tan
Jaime E. Ysmael

SENIOR MANAGING DIRECTOR

Jose Rene Gregory D. Almendras
Cezar Juan P. Consing
Bernard Vincent O. Dy
Jose Teodoro K. Limcaoco
Arthur R. Tan

CONSULTANT

Gerardo C. Ablaza
Delfin L. Lazaro
Simon C. Mossesgeld
Marciano A. Paynor

AYALA GROUP NETWORK

AYALA CORPORATION

34F Tower One Ayala Triangle and Exchange Plaza
Ayala Ave., Makati City 1226, Philippines
Tel: +63 2 7908 3000
www.ayala.com.ph

Investor Relations:
Email: investorrelations@ayala.com.ph

Sustainability:
Email: sustainability@ayala.com.ph
esg@ayala.com.ph

AYALA LAND

31F Tower One Ayala Triangle and Exchange Plaza
Ayala Ave., Makati City 1226, Philippines
Tel: +63 2 7 9083111
www.ayalaland.com.ph

Investor Relations:
Email: investorrelations@ayalaland.com.ph

Sustainability:
Email: sustainabilityteam@ayalaland.com.ph

BANK OF THE PHILIPPINE ISLANDS

Ayala North Exchange, Tower One
6796 Ayala Avenue corner Salcedo St., Legaspi Village, Makati City 1229
Express Phone Banking: +63 2 8 89 10000
www.bpi.com.ph
www.bpiexpressonline.com

Investor Relations:
Email: investorrelations@bpi.com.ph

Sustainability:
Email: sustainability@bpi.com.ph

GLOBE TELECOM

The Globe Tower
32nd Street cor 7th Avenue Bonifacio Global City Taguig 1634, Philippines
Tel: +63 2 7 797 2000 (Globe Corporate Office)
+63 2 7 730 1000 (Customer Care)
+63 2 7 730 1010 (Sales)
+63 2 7 730 1288
(Globe Business and Globe myBusiness)
Mobile: 211
www.globe.com.ph

Investor Relations:
Email: ir@globe.com.ph

Sustainability:
Email: gtcorpcomm@globe.com.ph

AC ENERGY

4F 6750 Building Ayala Avenue
Makati City 1226, Philippines
Tel: +63 2 7 730 6300
www.acenergy.com.ph

Investor Relations:
Email: investorrelations@acenergy.com.ph

Sustainability:
Email: maranan.is@acenergy.com

MANILA WATER

2F MWSS Administration Building
489 Katipunan Road Balara
Quezon City 1105, Philippines
Tel: +63 2 7 917 5900
Hotline: +63 2 1627
www.manilawater.com

Investor Relations:
Email: invrel@manilawater.com

Sustainability:
Email: sustainability@manilawater.com

AC INDUSTRIALS TECHNOLOGY HOLDINGS, INC.

32nd floor Tower One Exchange Plaza, Ayala Triangle, Ayala Avenue
Makati City 1226 Philippines
Tel: +63 2 7 908 3328
acindustrialtech.com.ph

Sustainability:
Email: milan.fr@acindustrialtech.com.ph

INTEGRATED MICROELECTRONICS, INC

North Science Avenue, Laguna Technopark
Special Export Processing Zone,
Biñan Laguna 4024 Philippines
Tel: +63 2 7 756 6840
www.global-imi.com

Investor Relations:
Email: ir@global-imi.com

Sustainability:
Email: john.madriaga@global-imi.com

AC ENERGY PHILIPPINES

4F 6750 Office Tower, Ayala Avenue,
Makati City, Philippines 1226
Tel: +632 7 730 6300

Investor Relations:
Email: investorrelations@acenergy.com.ph

Sustainability:
Email: maranan.is@acenergy.com.ph

AC INFRASTRUCTURE

32F Tower One
Ayala Triangle and Exchange Plaza
Ayala Ave., Makati 1226 Philippines
Tel: +63 2 7 908 3032
Fax: +63 2 7 759 4881
www.acinfra.com.ph

Sustainability:
Email: quesada.jam@acinfra.com.ph

AC HEALTH

3F Makati Stock Exchange Building
6767 Ayala Avenue Makati 1226 Philippines
Tel: +63 2 745 2508
www.achealth.com.ph
info@achealth.com.ph

Sustainability:
Email: panganiban.jms@achealth.com.ph

IPEOPLE, INC.

3F, Grepalife (GPL) Building, 219
Sen. Gil Puyat Avenue, Makati City,
1200, Philippines
Tel: +63 2 8 253-3637
www.ipeople.com.ph

Sustainability:
Email: djparenillo@mapua.edu.ph

AYALA FOUNDATION

8F 111 Paseo de Roxas corner Legaspi Street
Legaspi Village Makati 1229 Philippines
Tel: +63 2 7 7598288
Fax: +63 2 8 813 4488
www.ayalafoundation.org

Sustainability:
Email: rebete.ji@ayalafoundation.org

BUILDING A DIGITAL AND FUTURE-READY AYALA

“The Ayala group is undergoing a transformation journey to build a digital and future-ready Ayala. We recognize that to continue to thrive under a rapidly changing environment, we must evolve from traditional analog thinking to incorporating a digital perspective into our strategy and operations. This perspective has become part and parcel of our strategic agenda as we embark on a group-wide digital transformation framework we rolled out in 2019. We are aware of the long and challenging road ahead in this digital transformation journey. However, with the engagement of our people across all levels, we are confident that the digital and future-ready Ayala that we are aspiring for can be built within the foreseeable future.”

- Jaime Augusto Zobel de Ayala, Chairman and CEO



AYALA



AYALA LAND



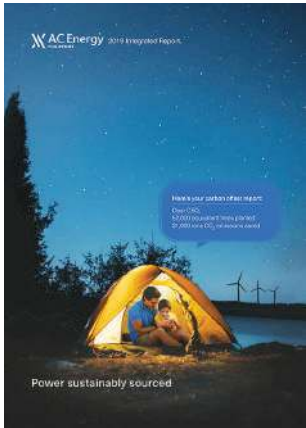
BPI



GLOBE



MANILA WATER



AC ENERGY PHILIPPINES



IMI



AYALA FOUNDATION

CORPORATE INFORMATION

STAKEHOLDER INQUIRIES

Ayala Corporation welcomes inquiries from analysts, the financial community, institutional and retail investors, customers, media, and the general public. Please contact:

Investors: investorrelations@ayala.com.ph
Sustainability: sustainability@ayala.com.ph
Governance: corporatesecretary@ayala.com.ph
Data Privacy: acdataprivacy@ayala.com.ph
Customers: acquery@ayala.com.ph
Media: corpcomm@ayala.com.ph
Career: careers@ayala.com.ph

SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, and lost or damage stock certificates, please write or call:

BPI Stock Transfer Office
3F BPI Buendia Center
372 Sen Gil Puyat Avenue
Makati City 1226 Philippines
Tel: +632 8580-4693 to 95
smpongol@bpi.com.ph
jmpelideros@bpi.com.ph
stocktransferoffice@bpi.com.ph

FINANCIAL STATEMENTS

Ayala's 2019 Financial Statements are available for download on its website: www.ayala.com.ph

Developed and produced by
Investor Relations and
Group Risk Management and Sustainability Unit

Concept and design by Publicis JimenezBasic
Execution by Whitewall Design Studio

Portraits by Tom Epperson
Operational photography by Rolly Barayang
Additional photographs from the Ayala group of companies



AYALA CORPORATION

34F Ayala Tower One and Exchange Plaza, Ayala
Triangle, Ayala Avenue, Makati City 1226 Philippines

Tel: +632 7908-3000 Fax: +632 7848-5846